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FY 1976
REPORT TO CONGRESS

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"*Declaration of Policy: The Board*

"Sec. 102. [*72 Stat. 740, 49 U.S.C. 1302*] in the exercise and performance of its powers and duties under this Act, the Board shall consider the following, among other things, as being in the public interest, and in accordance with the public convenience and necessity:

"(a) The encouragement and development of an air-transportation system properly adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the national defense;

"(b) The regulation of air transportation in such manner as to recognize and preserve the inherent advantages of, assure the highest degree of safety in, and foster sound economic conditions in, such transportation, and to improve the relations between, and coordinate transportation by, air carriers;

"(c) The promotion of adequate, economical and efficient service by air carriers at reasonable charges, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices;

"(d) Competition to the extent necessary to assure the sound development of an air-transportation system properly adapted to the needs of the foreign and domestic commerce of the United States, of the Postal Service and of the national defense;

"(e) The promotion of safety in air commerce; and

"(f) The promotion, encouragement, and development of civil aeronautics."

CIVIL AERONAUTICS BOARD

FY 1976
REPORT TO CONGRESS

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CIVIL AERONAUTICS BOARD

WASHINGTON, D.C. 20428

To the Congress:

Pursuant to section 205 of the Federal Aviation Act of 1958, the Annual Report of the Civil Aeronautics Board for fiscal 1976[1] is herewith respectfully submitted.

John E. Robson, *Chairman*
Richard J. O'Melia, *Vice Chairman*
G. Joseph Minetti, *Member*
Lee R. West, *Member*
R. Tenney Johnson, *Member*

January 1977

[1] This report covers the period July 1, 1975, through June 30, 1976. The Transition Quarter, July 1, 1976, through September 30, 1976, will be covered in the fiscal year 1977 report.

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the board

JOHN E. ROBSON, *Chairman*
Appointed April 21, 1975
Current term expires December 31, 1977

RICHARD J. O'MELIA, *Vice Chairman*
Appointed November 26, 1973
Current term expires December 31, 1980

G. JOSEPH MINETTI, *Member*
Appointed June 1, 1956
Current term expires December 31, 1979

LEE R. WEST, *Member*
Appointed November 21, 1973
Current term expires December 31, 1978

R. TENNEY JOHNSON, *Member*
Appointed March 24, 1976
Current term expires December 31, 1976

HIGHLIGHTS: REVIEWING FISCAL YEAR 1976

The year ended June 30, 1976, was characterized as a period of intensive consideration of possible fundamental changes in regulatory policies and practices. This consideration was stimulated by a broad debate involving the Administration, the Congress, consumer groups, and the Board itself. The Civil Aeronautics Board adopted changes designed to improve its abilities to meet expanding obligations under existing law and regulations.

The Board presented to the Congress a comprehensive program for changes in the present system of regulating air transportation. Specifically, legislation was introduced at the Board's request designed to bring about a phased and progressive transition to a system placing primary reliance on the natural forces of the marketplace, carrier efficiency, and competition, including the entry of new carriers into the industry. The proposal, if adopted by the Congress, would constitute the first major change in air transportation regulation in almost 40 years.

The Board announced its intention to recommend to Congress a major reform of the present system of regulating subsidized service to small communities. In formulating its proposal, the Board appointed a Small Communities Task Force comprised of key Board personnel. In May 1976, the Board published the Task Force Report on Service to Small Communities which presented four alternative proposals designed to provide improved service to small communities at a lower cost to the Federal Treasury. At year's end, comments were being analyzed with a view toward submitting a final recommendation to Congress during 1977 as a part of the Board's comprehensive regulatory reform package.

A major effort also was undertaken to provide mechanisms to assure the highest level of responsiveness and predictability for the Board's procedures and processes. It was determined that substantial benefit would be realized from the development of a computer based work item tracking system that establishes standard processing times for formal Board matters. This computerized system will have the ability to track the planned progress of work items against their actual processing as

they move through the various organizational components of the Board. Improved management information and communications regarding the processing status of work items will tend to resolve some of the regulatory-lag problems. Key managers will be provided the information needed to make informed decisions on workload and manpower utilization.

Generally, the fiscal year coincided with a general economic upturn. Recovery from recessionary conditions occurred both in the United States and in the Western world generally. For the United States, principal indicators—real GNP and income growth rates, and consumer demand and corporate profits—improved throughout the year as the inflation rate declined. Virtually all airline-related economic indicators were positive and corresponded to these trends. Traffic growth resumed on a sustained basis achieving a rate of almost 9 percent, and in some months approached the boom conditions of earlier periods. Reflecting these changed circumstances, both carrier and civic interests have requested the Board to authorize new and improved service in various areas of the country. In response, the Board has set down a large number of major route licensing cases.

Major route cases that had been in progress or held in abeyance for several years were decided by the Board during 1976. These included the *Reopened Omaha and Des Moines Service Case*, docket 18401, in which American Airlines was awarded transcontinental authority via Omaha and Des Moines in competition with United Air Lines. First effective air service was authorized between Fort Myers and Atlanta, docket 27237, with Eastern Air Lines selected to provide such service. The Board also authorized Continental Air Lines to serve San Diego-Denver in competition with Western Air Lines, docket 18104. Finally, the Board decided the *Miami-Los Angeles Route Case*, docket 24579, awarding authority to Western Air Lines in competition with National Airlines. However, the Board's principal route activity centered on instituting new proceedings covering many geographic areas throughout the United States. These included proceedings oriented to the provision of first effective air service, as well as the need for competitive service. Twenty-one new cases were instituted during the year. Hearings were completed on 9 of these cases, and the remaining 12 were awaiting hearing. In addition, lesser cases were decided including six transfer cases.

An initial decision was issued in the *Air Midwest Certification Case* recommending certification of a commuter carrier to replace a local service carrier as a means of providing higher levels of service at less subsidy cost. This case is of particular importance representing, as it does, a possible solution to the problem of rising costs and declining service to small communities which receive subsidized service. Thus, in addition to formulating a comprehensive legislative proposal with respect to small communities, the Board actively sought new means of improving service within the framework of existing legislation. The

Board continued to receive and hear deletion/suspension applications of local service carriers; these often included the substitution and replacement of service by a noncertificated commuter carrier. Altogether, 12 suspension/replacement agreements were permitted during the year.

Significant international route proceedings resulted in Pan American's being authorized to operate between New York and Johannesburg via Rio de Janeiro, Brazil, in docket 20234. Western was selected to provide first U.S.-flag service between Vancouver and Honolulu in docket 27153.

Two principal international cases were awaiting final Board action at the conclusion of the year. They were the *Transatlantic Route Proceeding*, docket 25908, and the *Supplemental Renewal Proceeding*, docket 23944. In breadth and scope, these proceedings are as important as any undertaken by the Board. They involve virtually worldwide charter authority, and both scheduled and nonscheduled authority between the United States and Europe and beyond. Additional hearings were also held to determine which U.S.-flag carrier should be selected to provide service between Saipan (U.S. trust territory) and Japan.

With regard to international air transportation, evidence of renewed strength in traffic growth trends for the industry began to appear in late 1975 and became more apparent into 1976 as the year progressed. Both Pan American and Trans World—principal flag carriers of the United States—have registered improvements in their charter and scheduled traffic levels, and in air freight volumes. The recent improvements in traffic levels have not been confined to these two carriers, but have been shared by other U.S. international air carriers and by competing foreign air carriers.

The upturn in traffic for the U.S. international air transportation industry can be attributed in an important part to the more favorable business outlook in the United States and the improved economic climate in the world generally. Renewed strength in the buying power of the U.S. dollar against some foreign currencies and the strength of other selected foreign currencies versus the U.S. dollar have helped to spark the traffic upturn. However, the financial needs of the industry to provide successful access to capital markets and to satisfy other financial requirements remain a matter of basic concern. Both U.S. and foreign air carriers in their international operations have in recent years incurred operating losses totaling hundreds of millions of dollars.

On June 22, 1976, the Government of the United Kingdom notified the United States of its intention to terminate the bilateral air transport agreement of 1946. The termination, in accordance with the agreement, becomes effective 1 year from the date of the notification. The United Kingdom explained its action by expressing its desire to conclude a new agreement achieving a more equitable balance of benefits.

During fiscal 1976, the Board adopted its most liberal charter regulation to date, the one-stop inclusive tour charter (OTC). As a result, the total number of charter filings more than doubled, from 769 in fiscal year 1975 to 2,008 in fiscal year 1976. In addition, in February 1976, the Board proposed rules to allow the operation of the advance booking charter (ABC). This ABC program permits members of the general public to purchase round-trip charter air-only transportation (or all-inclusive air and ground tours). It is designed to be substantially more liberal than the existing charter rules. Among other things, the ABC rule does not include the requirements on minimum pricing or minimum tour duration that are present in the existing charter rules.

In fiscal year 1976, the carriers did not bring their operations into balance with standards adopted by the Board for ratemaking purposes. This resulted in a substantial difference between their actual rate of return on investment and that which the Board recognizes for ratemaking purposes. As a result of this difference and the continuing inflationary pressures, carriers repeatedly sought domestic fare increases, several of which were granted.

During the year the carriers' discount fare policies changed dramatically. At the beginning of the year substantial amounts of traffic were being carried under promotional fares offering large discounts. In fact, the carriers' yield (passenger revenue per revenue passenger-mile) was actually declining despite general fare increases. These various discount fares reflected the carriers' efforts to overcome the traffic slump stemming from the economic turndown during 1974 and 1975. As traffic rebounded and load factors began to increase, the carriers canceled some discount fares and lowered the discounts applicable to many others. It is interesting to note that, although the carriers' average fares increased toward the end of fiscal year 1976, the rate of increase in air fares compares most favorably with the rise in the consumer price index. Thus, the public has benefited, in the form of lower fares, from productivity gains the airlines have been successful in achieving.

Subsidy obligations under section 406 of the Federal Aviation Act totaled $72.2 million for fiscal 1976, a net increase of $8.8 million over the previous year. All of this increase was accounted for by the local service carrier group. Subsidy for the Alaskan carriers remained at the level of $4.3 million. Class Rate VII, which became effective on July 1, 1973, and remained in effect through fiscal 1976, provided for semiannual reviews of subsidy-ineligible operations each March and September; prospective subsidy rates, effective January 1 and July 1 each year, were then reduced by 50 percent of any excess ineligible profits. Class Rate VII was amended as of January 1, 1975, to provide for concurrent semiannual reviews of both subsidy-eligible and subsidy-ineligible operations. Under this provision improvements or deficiencies in the carriers' eligible need, as established in the base period of the class rate, were shared on a 50–50 basis by the carriers and the Government, sub-

ject to the ceiling rates established in the class rate. Thus, all operations of the class-rate carriers were reviewed every 6 months, and adjustments to the subsidy rates were made accordingly.

In response to carrier petitions, the Board issued an order of investigation and an information request in April 1976, and began preparations for the establishment of a new class rate which is a refinement of Class Rate VII with a more precise definition of services eligible for subsidy support.

In April 1974, after more than 20 years of subsidy-free operation, Pan American World Airways and Trans World Airlines applied for subsidy support for their international operations. The Board's orders to show cause, which proposed that TWA's and Pan Am's petitions be denied, were issued on March 16 and April 19, 1976, respectively. Both carriers filed answers. Pan Am requested that the Board defer its decision until the carrier's operating results for calendar year 1976 could be evaluated, while TWA requested that the Board set its subsidy petition for hearing. Both matters were pending at the end of fiscal 1976.

In fiscal year 1976 new refinements were added to the Board's program concept of enforcement. Its efforts were directed toward greater use of the Federal courts in both civil and criminal prosecutions. The Board's Bureau of Enforcement concluded 1,244 compliance actions through informal means, increased the number of formal proceedings instituted to 165, including 35 petitions for enforcement filed before the Board, and obtained 25 cease-and-desist orders. The Bureau initiated 10 actions in Federal court, obtained 50 injunctions, and collected a total of $1,314,725 in civil penalties and court-imposed fines ranging from $500 to a single record high of $300,000.

In its first full fiscal year, the Board's Office of the Consumer Advocate (OCA) actively exercised the expanded authority granted it by the Board in 1974. (The Board on October 29, 1974, amended part 384.7 of its Organization Regulations and part 302.9 of its Rules of Practice to authorize its Office of Consumer Affairs to participate as a party in proceedings before the Board. The Office was renamed the Office of the Consumer Advocate—the first of its kind in Federal Government—to better reflect its broadened authority to serve the consumer interest.)

During fiscal 1976, OCA participated before the Board in matters in 33 dockets involving a total of 36 OCA filings. The Office maintained the high quality of responsiveness it had achieved during the previous 2 years in handling consumer complaints. An 11-percent increase in the number of complaints was experienced. Without any increase in the size of the Consumer Advisory Section of the staff, 14,247 consumer complaints were handled, 9,888 consumer letters including 802 from Members of Congress were responded to, and approximately 8,200 consumer telephone calls were received. For the fiscal year, the Office assisted consumers in recoveries or adjustments at the rate of about $31,000 per month.

As fiscal year 1976 opened, the Board embarked on a program to update its information systems. This program update was needed to keep pace with the changing needs of the Board, the industry, other Government agencies, consumer interests, as well as to keep pace with evolving accounting principles. As part of this program, efforts were intensified to scale down air carrier reporting requirements and to cut down on paperwork generally.

In the spring of 1975, a new action plan was developed to give report and paperwork reduction renewed impetus and higher priority. A comprehensive program is now in place with the dual objectives of ascertaining: (1) whether there are still reports required which no longer serve a regulatory need; and (2) whether the usefulness of required reports can be enhanced. Today, the program is operating systematically. Ongoing reviews of recurrent reporting requirements are conducted with more thorough evaluations of whether the information the Board needs is available from an alternative data source, either within the Board or from another agency of the Federal Government.

The first tangible accomplishment of the program occurred in February 1976, when the Board substantially reduced the reporting requirements of the air freight forwarders. The filing frequency of forwarders' reports was changed from four times a year to once a year. The number of schedules filed by smaller forwarders was reduced from nine to one. For all forwarders, these changes eliminated the need to file approximately 14,000 schedules per year. This reduction represented more than 75 percent of the reports which would have been filed during 1976 under the old rules.

In another effort to cut down the paperwork burden, the Board adopted a regulation affecting some 300 commuter air carriers. The number of schedules to be filed by this carrier group was reduced significantly.

The Board is now actively pursuing ways to reduce the paperwork for the largest air carriers—the certificated air carriers. For example, a system is under development to eliminate some 2,340 pages of hardcopy statistical reports now submitted each month by air carriers. It is envisioned that printouts will be generated from service-segment data now submitted on automatic data processing media, rather than having the air carriers file data on both ADP media and manually completed hardcopy schedules.

ROUTE PROGRAM

The fiscal year coincided with a general economic upturn. Recovery from recessionary conditions occurred both in the United States and in the Western world generally. For the United States, principal indicators—real GNP and income growth rates, and consumer demand and corporate profits—improved throughout the year as the inflation rate declined. Virtually all airline-related economic indicators were positive and corresponded to these trends. Traffic growth resumed on a sustained basis, achieving a rate of almost 9 percent, and in some months approached the boom conditions of earlier periods. Reflecting these changed circumstances, both carrier and civic interests have requested the Board to authorize new and improved service in various areas of the country, as well as internationally. As in previous growth periods, the increase in applications and petitions reflects optimism concerning traffic growth trends and the prospects for improved carrier economic performance, as well as the desire of cities to obtain additional service to accommodate increasing demand.

In response, the Board has set down a substantial number of major route licensing cases. Several cases that had been remanded or deferred were set for hearing or disposed of during the year. Similarly, transfer cases in the procedural pipeline were decided by the Board. Newly filed carrier applications involving contested issues or competing authorizations were set for hearing, and several have progressed through the majority of procedural steps for final decision in fiscal year 1977. In addition, certain renewal cases, which attracted new applicants seeking additional or replacement authority, were instituted or decided. Finally, the Board continued to attempt to process those applications for route authority adjustments which can be decided without hearing on the basis of written pleadings.

DOMESTIC AUTHORITY

Major route cases that had been in progress or abeyance for several years were decided by the Board during the year. These included the *Reopened Omaha and Des Moines Service Case*, docket 18401, in which

American Airlines was awarded transcontinental authority via Omaha and Des Moines in competition with United Air Lines. First effective air service was authorized between Fort Myers and Atlanta, docket 27237, with Eastern Air Lines selected to provide such service. The Board also authorized Continental Air Lines to operate between San Diego and Denver in competition with Western Air Lines, docket 18104. Finally, the Board decided the *Miami-Los Angeles Route Case*, docket 24579, awarding Western Air Lines authority in competition with National Airlines. Additional, lesser cases were also decided, including transfer cases. The following table lists the route transfer cases completed during the year:

Domestic Route Transfer Cases

	Docket	Date	Order
Delta-Trans World Route Transfer	26479	Sept. 3, 1975	75-9-6
Eastern-Ozark Route Transfer	26668	Sept. 3, 1975	75-9-5
Transfer United's Elko and Ely Authority to Hughes Airwest	20373	Mar. 18, 1976	76-3-122
American-Frontier Route Transfer	25397	Aug. 18, 1975	75-8-94
American-Hughes Airwest Route Transfer	25881	Aug. 18, 1975	75-8-93
Delta-Piedmont Route Transfer	26900	July 7, 1975	75-7-31

The Board's principal route activity centered on instituting new proceedings covering many geographic areas throughout the United States. These included proceedings looking toward the provision of first effective air service, as well as the need for competitive service. The following table sets forth the principal proceedings instituted and indicates whether hearings had been held by the close of the fiscal year:

Status of Newly Instituted Cases

Name of case	Docket	Awaiting hearing	Hearing completed
Hilo Service Case	28043		X
Service to Harlingen, Texas Case	28068		X
Burbank-Phoenix Nonstop Service Case	28255		X
Oakland-Las Vegas and Oakland-Phoenix Case	27464		X
Air Midwest Certification Proceeding	28262		X
Midwest-Atlanta Competitive Service Case	28115		X
Service to Hazelton Case	28443		X
Delete Cedar City, Utah and Page, Arizona	27907		X
Oklahoma-Southeast Points Investigation	20421		X
Shreveport-Dallas Nonstop Proceeding	28122	X	
Des Moines-Milwaukee-Phoenix Route Proceeding	28800	X	
Additional Dallas/Ft. Worth-Kansas City Nonstop Service Case	28778	X	
Hughes Airwest-Los Angeles-Boise/Spokane Service Subpart M Proceeding	22493	X	
Sacramento-Denver Nonstop Proceeding	28961	X	
Lake Tahoe Service Investigation	29000	X	
Eastern-Piedmont Route Exchange Agreement	28194	X	
Service to Tri-Cities Case	29014	X	
Improved Authority to Wichita Case	28848	X	
Memphis-Twin Cities/Milwaukee Case	29186	X	
Alaska International Air Certification Proceeding	29237	X	
Suspend Service for Five Years on Segment 3, Route 29 at Lawton/Ft. Sill on Continental's Certificate	28744	X	

SERVICE TO SMALL COMMUNITIES

The Board announced its intention to recommend to Congress a major reform of the present system of regulating subsidized service to small communities. In formulating its proposal, the Board appointed a Small Communities Task Force comprised of key Board personnel. In May 1976, the Board published the Task Force Report on Service to Small Communities which presented four alternative proposals designed to provide improved service to small communities at a lower cost to the Federal Treasury. At year's end, comments were being analyzed with a view toward submitting a final recommendation to Congress during 1977 as a part of the Board's comprehensive regulatory reform package.

In the *Air Midwest Certification Case*, the certification of a new carrier with subsidy eligibility was the primary issue. The small Kansas communities involved, eight in number, were being served or had been served by Frontier; Air Midwest, an operating commuter carrier, proposed to replace Frontier's service. Hearings in this proceeding were completed at the close of the fiscal year, and the administrative law judge's initial decision recommending a limited subsidy-eligible certificate was issued. This case is of particular importance representing, as it does, a possible solution to the problem of rising costs and declining service to small communities which receive subsidized service.

The Board continued to receive and hear deletion/suspension applications of local service carriers; these often included the substitution and replacement of service by a noncertificated commuter carrier.[1]

Earlier in the fiscal year, the Board had suspended Frontier at Stillwater for a period of 2 years in the *Service to Stillwater Case*, and had suspended Allegheny at Bridgeport in the *Service to Bridgeport Case*. At the close of the fiscal year, the administrative law judge's decision was being awaited in three cases involving continued certification at Liberty/Monticello, Hazelton, Cedar City, and Page. In addition, the Board had recently instituted two replacement hearings involving the Tri-Cities, *Service to Tri-Cities Proceeding*, and involving Lawton/Fort Sill and Wichita Falls, *Continental Air Lines Segment 3, Route 29 Service Investigation*.

U.S.-FLAG INTERNATIONAL AUTHORITY

Pan American was authorized to operate between New York and Johannesburg via Rio de Janeiro, Brazil, in docket 20234, and Western was selected to provide first U.S.-flag service between Vancouver and Honolulu (docket 27153). In addition, two route transfer cases were completed.[2]

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[1] The table on the following page lists the communities at which suspension/replacement agreements were permitted during the year.

[2] Pan American-Western Route Transfer Case, docket 27104, order 75-7-48, was decided July 11, 1975; Pan American-American Route Transfer Case, docket 26245, orders 75-6-152, 75-6-153, and 75-6-154, was decided Sept. 30, 1975.

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Chronological Listing of Air Carrier Suspensions and Commuter Air Carrier Replacements Approved in Fiscal Year 1976

Certificated carrier	Commuter air carrier	Point(s)	Docket No.	CAB order	Date	Duration
Ozark	Air Kentucky	Owensboro, Ky.	27779	75-8-86	August 15	5 years
North Central	Mississippi Valley Airways	Winona, Minn.	20710	75-9-55	September 10	7 years
			28103			
Ozark	Mississippi Valley Airways	Clinton, Iowa	27779	75-9-111	September 30	7 years
Frontier	Sun Valley Key Airlines	Moab, Utah[1]	25206	75-10-10	October 1	Until October 1, 1977
Allegheny	Air North	Glens Falls, N.Y.	28357	75-11-62	November 18	10 years
Frontier	Western Air Stages	Cortez, Colo.	28090	76-1-74	January 21	9 months
Texas International	Air Illinois	Jonesboro, Ark.	28564	76-2-31	February 11	7 years
National	Air Sunshine	Key West, Fla.	28499	76-2-76	February 20	Until December 29, 1976, or until the termination of Agreement CAB 21946-A2, whichever shall first occur
Ozark	No specific carrier[2]	Kirksville, Mo.	28510	76-2-114	February 27	10 years
Texas International	Metro Flight Airlines	Victoria, Tex.	24702	76-3-117	March 17	7 years
Frontier	Air Midwest	Dodge City, Great Bend, and Hutchinson, Kans.	22012	76-3-163	March 25	Until 60 days after final decision in docket 28262
			20213			
			25755			
			28262			
Delta	Bar Harbor Airways	Bar Harbor, Maine	22973	76-4-164	April 28	Until September 15, 1981
	Downeast Airlines	Rockland, Maine	20954			

[1] Order 76-5-152, May 28, 1976, suspended Frontier without replacement service until final Board decision in docket 25206 on Frontier's deletion request.

[2] Horizon Airways is providing commuter service at the point.

Principal international cases that were awaiting final Board action at the conclusion of the year were the *Transatlantic Route Proceeding*, docket 25908, and the *Supplemental Renewal Proceeding*, docket 23944. In breadth and scope, these proceedings are as important as any undertaken by the Board. They involve virtually worldwide charter authority, and both scheduled and nonscheduled authority between the United States and Europe and beyond. Additional hearings were also held to determine which U.S.-flag carrier should be selected to provide service between Saipan (U.S. trust territory) and Japan.

New cases undertaken include the *South Pacific Service Case*, docket 28036, involving U.S.-flag authority between the United States, Hawaii, the South Pacific, Australia, and New Zealand. Hearings were completed and a recommended decision was submitted by the administrative law judge. In addition, important transborder cases were undertaken including the *Chicago-Montreal Case*, docket 27932, and the *Las Vegas-Calgary/Edmonton Case*, docket 27185.

ALASKA

The previous year's phenomenal traffic growth in several Alaska–lower-48-States markets, due mainly to the Alaska Pipeline, has continued. Such growth had a beneficial financial effect upon Alaskan carriers and has encouraged applications for new or improved authority in the affected markets. With respect to route matters previously pending before the Board, Kodiak-Western Alaska Airlines was awarded a permanent certificate in the *Kodiak-Western Alaska Renewal Proceeding*, docket 23604. Munz Northern Airlines was awarded a 5-year temporary certificate in the *Howard J. Mays/Munz Northern Revocation*, docket 25655. Both of these cases were severed from the comprehensive *Alaska Service Investigation*, docket 20826. Other matters severed from this proceeding were concluded this year. Among these were new regulations pertaining to subcontracting agreements between certificated carriers and bush operators, and the deletion of abandoned points from the certificates of Alaska Airlines and Wien Air Alaska. Final Board decision was imminent on increasing the weight limitation of aircraft used by air taxi operators.

INFORMAL ROUTE MATTERS

During the fiscal year action was completed on 288 applications for temporary authorizations of various types. This was somewhat lower than in fiscal year 1975, when the figure was inflated by a large number of fuel-shortage-related applications. Informal route applications are accorded a high priority in order to assure that route modifications which will improve service to the public and reduce carrier costs and fuel usage are effected without undue delay.

ROUTE-RELATED STUDIES

Two editions of the costing handbook, "Local Service Air Carriers' Unit Costs," were published. One covered the year ended March 31, 1975, and the other covered the year ended September 30, 1975. The publication serves as the chief costing reference for the Board and the industry in route proceedings.

The Board also released four editions of another report, "Commuter Air Carrier Traffic Statistics," which summarizes data for over 200 commuter air carriers who provide service to the Nation's smaller communities. The reports covered the years ended June 30, 1974, December 31, 1974, June 30, 1975, and December 31, 1975. Selected data on commuter traffic for the calendar years 1974 and 1975 are noted below:

Commuter Air Carrier Traffic, Calendar Years 1974 and 1975

Quarter	Number of carriers[1]		Passengers	
	1974	1975	1974	1975
First	133	135	1,585,808	1,613,047
Second	134	136	1,731,413	1,660,727
Third	136	145	1,901,279	1,802,979
Fourth	130	133	1,623,863	1,589,491
Year total	158	165	6,842,363	6,666,244
			Cargo (pounds)	
First	136	143	29,890,465	34,724,920
Second	138	142	33,443,708	40,951,221
Third	138	146	35,563,147	45,063,462
Fourth	139	143	39,381,697	48,463,841
Year total	165	176	138,279,017	169,203,444
			Mail (pounds)	
First	68	65	39,383,831	37,753,018
Second	69	67	40,860,593	40,113,374
Third	69	75	39,679,259	43,583,690
Fourth	65	80	36,369,437	43,231,961
Year total	81	90	156,293,120	164,682,043

[1] Number of carriers reporting the traffic data shown for each quarter and year.

Source: CAB Forms 298-C, Schedule T-1.

Traffic Statistics, Calendar 1975 Commuter Air Carriers, by Type of Operation

Type of operation	Number of carriers	Aircraft hours flown	Aircraft miles flown (000)	Number of departures	Revenue passenger-miles (000)	Revenue seat-miles available (000)	Revenue ton-miles (000)	Revenue ton-miles available (000)
All-mail	31	35,103	5,305	40,001			4,209	5,781
All-cargo or all-cargo/mail	39	173,171	40,844	175,605			48,802	90,852
All-passenger or passenger/cargo/mail	169	752,723	116,619	1,261,166	748,752	1,570,842	82,580	182,533
Total	239	960,997	162,768	1,476,772	748,752	1,570,842	135,591	279,166

Source: CAB Form 298-C, Schedule A-1.

In addition, two reports summarizing trunkline and local service carrier enplanements, by airport, for calendar year 1974 were also published.

A report entitled "The Impact of Commuter Airlines in Short-Haul Major Hub Markets" measured the impact of the commuter air carriers in the year ended June 30, 1974.

DENIED-BOARDING REPORTS

Statistics summarizing the numbers of passengers denied confirmed space and the rates per 10,000 enplanements for each of the carriers were summarized in a report, "Passengers Denied Confirmed Space," for the fiscal year 1975. In 1975, the total number of passengers denied boarding in domestic markets was 102,040 (compared to 93,898 in 1974); the industry rate per 10,000 enplanements in 1975 was 6.0 (compared to 5.5 per 10,000 in 1974). A second report, "Unaccommodated Passengers, by Carrier and Market," presented similar information for individual markets in selected months of the fiscal year 1975.

The Board's concern over passenger inconvenience resulting from denial of confirmed space prompted the issuance in April 1976 of an advance notice of proposed rulemaking titled *Re-examination of Board Policies Concerning Deliberate Overbooking and Oversales,* EDR–296. At the close of the year public comment on EDR–296 was pending.

CHARTER REGULATIONS

During fiscal 1976, the Board adopted its most liberal charter regulation, the one-stop inclusive tour charter (OTC). As a result, the total number of charter filings more than doubled, from 769 in fiscal year 1975 to 2,008 in fiscal year 1976. Among the types of charters previously authorized, the number of travel group charter (TGC) filings showed a moderate increase. On the other hand, the number of inclusive tour charter (ITC) filings decreased slightly, due to some charter operators transferring their programs to the more easily marketed OTC mode. A summary of filings under the three regulations by fiscal year shows the following:

Type of Charter	1974	1975	1976
OTC			1,142
TGC	124	353	468
ITC	290	416	398

In addition, in February 1976, the Board proposed rules to allow the operation of advance booking charters (ABC's). This program, which permits members of the general public to purchase round-trip charter air-only transportation (or all-inclusive air and ground tours) is substantially more liberal than existing charter rules. Among other things, the ABC rule does not include the requirements on minimum pricing or

minimum tour duration that are present in existing charter rules.

SUPPLEMENTAL AIR CARRIERS

There were eight U.S. supplemental air carriers holding certificates of public convenience and necessity as of June 30, 1976.

The *Supplemental Renewal Proceeding* was awaiting final Board action at the conclusion of the year. In breadth and scope, this proceeding was as important as any undertaken by the Board in that it involved the renewal of 5-year certificates for overseas and foreign supplemental air transportation.

In May 1976, the Board instituted the *Alaska International Air Certification Proceeding*, which will consider the certification of several new carriers as supplementals, as well as the expansion of authority to various existing supplementals.

The certificated areas of authority of the present supplemental air carriers are as follows:

	Domestic U.S.	Canada	Mexico	Caribbean	Central and South America	Transpacific	Transatlantic
Capitol Int'l Airways, Inc	X			X			X
Evergreen Int'l Airlines, Inc	X	X					
McCulloch Int'l Airlines, Inc	X	X	X				
Modern Air Transport, Inc	X	X	X				
Overseas Nat'l Airways, Inc	X			X			X
Saturn Airways, Inc	X			X			X
Trans Int'l Airlines, Inc	X			X	X	X	X
World Airways, Inc	X			X	X	X	X

AIR FREIGHT FORWARDERS

Combined domestic and international forwarder revenues from air freight forwarding in calendar year 1975 was $1.0 billion. Over the year, air freight forwarders increased the tonnage they consolidated from 982,787 to 1,002,981 tons and increased net profit to $38,499,000. The summary below reflects the development of the air freight forwarding industry.

Air Freight Forwarder Industry

[Dollars in thousands]

Calendar year	Authorized air freight forwarder companies	Consolidation in tons	Revenues	Expenses	Operating profit*
1966	137	291,645	180,241	177,319	2,922
1967	145	350,129	218,603	214,649	3,954
1968	171	465,793	270,241	265,701	4,540
1969	195	598,755	390,993	386,727	4,266
1970	212	730,342	483,787	473,971	9,816
1971	240	728,297	556,552	557,971	−1,419
1972	262	854,687	654,096	643,870	10,226
1973	314	945,068	817,977	801,727	16,250
1974	338	982,787	1,019,589	1,000,342	19,247
1975[1]	349	1,002,981	1,000,335	961,836	38,499

*Before taxes.

[1] Represents data published by Cargo Economics, Inc., for the top 49 air freight forwarders only.

Applications pending June 30, 1975	57
Applications received	94
Operating authorizations granted	61
Applications dismissed or denied	9
Applications pending June 30, 1976	71
Total authorized air freight forwarders	345
Forwarders holding both domestic and international authorizations	218
Domestic authorization only	58
International authorization only	69

AIR TAXI OPERATORS

As of the end of the fiscal year 1976, a total of 4,100 air taxi operators (noncertificated) were registered with the Board, 200 of which were classified as commuter air carriers. The latter category includes carriers which either transport mail or perform scheduled passenger or cargo services.

The Board also issued 19 exemptions during the fiscal year to air taxi operators to use "large aircraft" in certain areas or markets.

FOREIGN CHARTER CARRIERS

During the past year, the number of foreign air carriers authorized to conduct charter operations only to and from the United States continued to grow as nine permits were granted to new carriers.

There are 90 foreign charter-only carriers, all with authority to engage in planeload charters between the United States and their respective homelands. Most of the carriers have been authorized to operate inclusive tour charters, many hold limited cargo charter authority, and some have been authorized to operate charters to the United States from countries other than their homelands.

The number of requests for off-route charter authorization by foreign route carriers and requests for permits to conduct noncommon-carriage flights were as follows:

	Fiscal year				
Number of requests for—	1972	1973	1974	1975	1976
Noncommon-carriage flight permits	446	259	332	172	198
Off-route charter permits	915	1,225	1,054	885	837

CONTROL AND INTERLOCKING RELATIONSHIPS

The Federal Aviation Act contains prohibitions against the creation of certain control and interlocking relationships unless they are first approved by the Board. During the year the Board acted on 98 applications seeking approval of such relationships. The Board's actions ranged from proceedings involving full hearing to summary orders granting exemptions permitting the relationships to exist.

The most significant development was the issuance by the Board of a final decision in the *Air Carrier Reorganization Investigation*, docket

24238 et al. This proceeding probed the question of air carrier reorganization and diversification brought about through the creation of parent holding companies. In its decision, the Board approved the reorganization of three air carriers (Braniff, Flying Tiger, and United), subject to a comprehensive regulatory plan designed to insure that intercorporate transactions will not adversely affect air carriers' obligation to provide economical and efficient air transportation.

The Board also approved the proposed merger of Saturn Airways, Inc., a supplemental air carrier, into Trans International Airlines, Inc., another supplemental air carrier. In another case, however, the Board denied a request by I.U. International Corporation, a large transportation-oriented company, to acquire Airborne Freight Corporation, the Nation's second largest air freight forwarder.

INTERCARRIER AGREEMENTS

Certain agreements affecting air transportation between an air carrier and other carriers must be filed under section 412 of the Act and approved or disapproved by the Board in the public interest.

Many of these agreements are resolutions adopted by the members of air carrier trade associations in the interest of establishing uniform procedures for handling interline passenger and cargo movements and other traffic matters, as well as the appointment and compensation of travel agents (see "Travel Agent Matters" below).

In the *Capacity Reduction Agreements Case*, docket 22908, the Board found, after hearing, that an agreement between three domestic carriers controlling capacity in four transcontinental markets was adverse to the public interest and in violation of the Act. The Board ruled, however, that the views set forth in that opinion could not be applied to agreements controlling capacity in international air transportation markets without taking into account the special circumstances which prevail in these markets. Thereafter, the Board twice extended the authority of certain international carriers to engage in capacity discussions, and approved agreements controlling capacity on air routes between the United States and the United Kingdom, and the United States and Switzerland.

During the year the Board also approved, among others, various equipment interchange and leasing agreements, an agreement providing for the mandatory identification of baggage, a number of agreements allowing commuter air carriers to replace certificated carriers at certain points, and an agreement providing for a redefinition of the traffic conferences of the International Air Transportation Association for the purpose of expediting the negotiation of international fare and rate agreements. In another area, the Board refused, on jurisdictional grounds, to consider an agreement among various air carriers which

would have broadened the use of the Universal Air Travel Card to services incidental to air transportation.

The year also saw the Board extend the authority of the Airline Scheduling Committees to discuss the allocation of slots (arrivals and departures) at certain high-density airports, and authorize a reopening of intercarrier discussions to explore further the possible expansion of service at Chicago's Midway Airport.

TRAVEL AGENT MATTERS

The Board necessarily becomes involved in the activities of travel agents because of its responsibility under section 412 of the Act to pass upon intercarrier agreements adopted by members of air carrier trade associations to govern their working relationships with agents.

During fiscal year 1976 the Board acted on a number of matters having a direct impact on the travel agent industry. In one significant area, the Board approved on a 2-year experimental basis an ATC agreement providing for the establishment of an office of Travel Agent Commissioner. This scheme will change certain airline procedures governing the appointment of travel agents and the review of carrier complaints against agents. The Board also approved an agreement requiring that carriers participating in the ATC Standard Agent's Ticket and Area Settlement Plan withdraw their individual ticket stock from ATC-approved agents in favor of the standard agent's ticket for all sales under the Plan. It also authorized intercarrier/travel agent discussions looking toward the development and implementation of a common, computerized reservations system.

RATE REGULATION

Although rising costs continued to plague the Nation's airlines, traffic began to show signs of recovery in the early part of 1976 and many carriers posted improved earnings positions and higher load factors in the first two quarters of the year as compared to the prior year. The second quarter of 1976 was particularly encouraging, with the trunks and local service carriers reporting a combined net income of $285 million compared to $34.7 million in the same period of 1975. For the trunks alone, net income was almost eight times greater in the June quarter of 1976 than in the same quarter of 1975. Year-end June 1976 figures also were substantially higher in spite of the adverse results of the latter half of 1975, and net income for the trunks and locals was $183.2 million versus $1.7 million for the year ended June 1975. As revenues and load factors improved, the carriers' requests for promotional fares and rates tapered off considerably from the last annual period. In addition to the higher load factors, a significant part of the carriers' revenue improvement was occasioned by Board grant of general fare and rate increases as the carriers sought added revenues to keep pace with the upward spiral of costs. With actual returns on investment still well below acceptable levels, it is anticipated that the Board will continue to receive requests for increases in fares and rates.

DOMESTIC PASSENGER FARES

In fiscal year 1976, the carriers did not to bring their operations into balance with standards adopted by the Board for ratemaking purposes. This resulted in a substantial difference between their actual rate of return on investment and that which the Board recognizes for ratemaking purposes. As a result of this, and continuing inflationary pressures, the carriers repeatedly sought fare increases in each of the domestic ratemaking entities, as indicated in the table on the following page.

During the year the carriers' discount fare policies changed dramatically. At the beginning of the year substantial amounts of traffic were being carried under promotional fares offering large discounts. As illustrated in the table on page 21, the carriers' yield (passenger revenue per revenue passenger-mile) was actually declining despite general

General Fare Increases

Effective date	Proposed increase (percent)	Board action
48 States:		
Oct. 1, 1975	3.5 to 5.0	Suspended
Nov. 15, 1975	3.0	Permitted
Feb. 1, 1976	1.0	Permitted
Mar. 1, 1976	2.0	Permitted
May 1, 1976	2.0	Permitted
June 1, 1976	2.0	Suspended
July 1, 1976	2.0	Suspended
Sept. 15, 1976	2.0	Permitted
Mainland-Hawaii:		
Nov. 27, 1976	4.0	*
May 1, 1976	5.0	*
Sept. 15, 1976	5.0	Suspended
48 States-Alaska:		
May 1, 1976	3.0	Suspended
Mainland-San Juan:		
Nov. 15, 1975	8.0	Suspended
Mar. 1, 1976	0.5 to 3.0	Permitted
Apr. 25, 1976	**3.5	Permitted

* Suspended increase in normal fares, permitted increase in promotional fares.
** Excluding New York-San Juan market.

fare increases. These various discount fares reflected the carriers' efforts to overcome the traffic slump stemming from the economic turndown during 1974 and 1975. As traffic rebounded and load factors began to increase, the carriers canceled some discount fares and lowered the discounts applicable to many others. It is interesting to note in the table on the following page that, although the carriers' average fares increased toward the end of the fiscal year, the rate of increase in air fares compares most favorably with the rise in the consumer price index. Thus, the public has benefited, in the form of lower fares, from productivity gains the airlines have been successful in achieving.

This restructuring of discount fares has also included a movement by most carriers to more selective discounts tailored to specific marketing needs, such as reduced fares for air/cruise packages and group fares to ski resorts. Aside from these types of selective discounts, the carriers are placing more emphasis on the so-called capacity-controlled fares. This concept establishes a maximum number of seats the carriers may make available on any flight, and gives the carriers the flexibility to limit the number of seats sold within that maximum. If historic experience or advance bookings indicate a high, full-fare demand on a given flight, the carriers will offer few if any seats at capacity-controlled discount fares. This is consistent with the purpose of discount fares, which is to stimulate new traffic to fill seats which otherwise would have flown empty.

During fiscal year 1976 the Board issued opinions in the *Airport Security Charges Investigation* (docket 25315), *Emergency Reservation Practices Investigation* (docket 26253), the *Mainland U.S.-Puerto Rico/Virgin Islands Fares* case (docket 24353), and the investigation into the *Interstate and Intrastate Fares in California and Texas Mar-*

Average yield per revenue passenger-mile, by class of service, domestic operations of the domestic trunks, scheduled service, calendar years 1967 to date

Period	Average yield per passenger-mile (cents)		Percent increase over comparable 1967 period		Consumer price index (all items) 1967 = 100
	Coach	Actual mix	Coach	Actual mix	
1967	5.12	5.50			100.0
1968	5.11	5.45	(.2)	(.9)	104.2
1969	5.35	5.70	4.5	3.6	109.8
1970	5.42	5.75	5.9	4.5	116.3
1971	5.81	6.10	13.5	10.9	121.3
1972	5.86	6.16	14.5	12.0	125.3
1973	6.10	6.38	19.1	16.0	133.1
1974	6.94	7.24	35.5	31.6	[r] 147.7
12 months ended—					
Mar. 31, 1975	7.11	7.41	35.7	31.4	151.6
June 30, 1975	7.15	7.44	36.7	32.4	155.2
Sept. 30, 1975	7.09	7.38	37.9	33.7	158.4
1975	7.04	7.35	37.5	33.6	161.2
12 months ended—					
Mar. 31, 1976	7.03	7.34	34.2	30.1	163.8
Quarter ended—					
Mar. 31, 1975	7.32	7.62	38.1	33.9	157.0
June 30, 1975	7.08	7.38	36.7	32.7	159.5
Sept. 30, 1975	6.76	7.03	38.8	34.9	162.9
Dec. 31, 1975	7.08	7.42	36.2	33.0	165.6
Mar. 31, 1976	7.23	7.56	36.4	32.9	167.1

kets (docket 24779). In its *Security Charges* decision, the Board reaffirmed its earlier tentative decision that aviation security costs should be treated like other normal operating costs and covered as part of the passenger's fare. The Board concluded that surcharges were inefficient and confusing and could be justified only as a way to recoup costs of an unexpected or temporary nature. In accordance with the Board's opinion, the air carriers canceled their security surcharges on April 1, 1976, and from that point forward, security costs were reflected in the total passenger fare between a given pair of points.

In the *Emergency Reservation Practices Investigations*, the Board concluded that the industry's present reservation practices were not unlawful and terminated the proceeding without adopting the standby no-show program proposed by the judge. The overbooking rulemaking that was part of the *Emergency Case* was consolidated in the Board's current investigation into overbooking practices.

In the *Interstate and Intrastate Fares* investigation, the Board found that the differences between the interstate and intrastate rates of the federally certificated carriers in the same intrastate markets were unjustly discriminatory. The Board ordered that the distinction between interstate and intrastate passengers be terminated and that a single fare be established for each city-pair market on the same basis as the carriers' other interstate fares, except that such fare could be lowered to meet competition from intrastate carriers.

The Board terminated its investigation of National Airlines' "No-Frill" fares because National and the other carriers offering these promotional fares canceled their effectiveness during the time the case was awaiting final Board decision.

Pending at year's end was a Board decision in the *Hawaii Fares Investigation* (docket 25474).

Initial decisions of administrative law judges were issued in the *Night Coach Fares Investigation* (docket 26510), *Domestic Common Fares Investigation* (docket 27330), *Hawaii Senior Citizen Fares* (docket 27612), and *WAL Mexico Fares* (docket 28146). In the *Night Coach* case, the judge found reduced fares for night coach services reasonable at a discount of 20 percent from the normal day coach fares. In the *Common Fares* decision, the judge concluded that most domestic common-fare practices (i.e., charging the same fare between two different pairs of points) were unlawful. In *Hawaii Senior Citizen Fares,* the judge decided that reduced fares for Hawaii senior citizens did not discriminate against normal-fare passengers. The *Western-Mexico Fares* decision recommended approval of increased passenger fares for Western's services between the U.S. mainland and Mexico. Petitions for review of each of these decisions are currently pending before the Board. A hearing was held at the end of fiscal year 1976 in the *Investigation of Category Y Military Fares* (docket 28096), and this proceeding is awaiting initial decision by the administrative law judge. Also, the Board instituted a formal investigation of fares between the 48 States and Alaska to be known as the *Alaska Fare Investigation* (docket 29198).

DOMESTIC CARGO RATES

Although the Board permitted a number of freight rate increases in the fiscal year to compensate for escalating fuel, labor, and other operating costs, some proposals for increases were suspended particularly in long-haul markets where the proposed levels resulted in rates which were higher than the industry-average costs of providing the service. At the same time various discount rates were introduced and allowed to go into effect in order to attract to air transportation traffic currently moving by surface modes and to permit the carriers to gain better utilization of unused capacity. Chief among these were daylight container rates and high-density, bulk general commodity rates. In addition, the Board permitted the carriers to introduce rates for B–747 freighter main-deck containers, with a maximum weight capacity of 25,000 pounds, which were somewhat lower than rates for containers on narrow-body freighter aircraft on the grounds that such wide-body containers appeared to incur lower unit costs and represented a possible technological breakthrough in air transportation which might prove successful in diverting traffic from surface means.

By the end of the period all domestic air carriers, with the exception

of Air New England, Airlift, Pan American, Piedmont, and Reeve Aleutian, had placed priority reserved air freight service into effect. This service provides for guaranteed reserved space on a specified flight schedule for which the shipper pays a 30-percent premium above the otherwise applicable general or specific commodity rate. However, the Board had previously expressed concern about the lawfulness of the rate level for this service and had ordered an investigation known as the *Priority Reserved Air Freight Investigation* (docket 26838). In midyear the Board, in order 76–6–77, clarified the scope of the proceeding and provided that all certificated air carriers, including all-cargo carriers, engaging in scheduled interstate or overseas air transportation were to be made parties to the case. The investigation was in its initial stages by the end of fiscal year 1976, and a prehearing conference had been concluded.

The Board suspended several proposals by both air carriers and air freight forwarders which would have restricted the acceptance of live animals and articles of extraordinary value. The Board stated it believed such provisions were in conflict with the carriers' obligations under the Federal Aviation Act to furnish transportation and, thereby, placed an undue burden on shippers.

On June 22, 1976, the U.S. Court of Appeals for the District of Columbia circuit rendered its decision in *Delta Air Lines, et al.* v. *Civil Aeronautics Board* involving the Board's rejection of carrier tariffs which restricted the extent to which the airlines would accept for transportation certain hazardous materials. The court vacated several Board orders requiring the carriers to transport these articles and ordered a new proceeding to determine whether such a tariff is justifiable on economic or safety grounds.

The Board issued its final decision in the *Liability and Claim Rules and Practices Investigation* (docket 19923), in which it found unlawful various air carrier rules and practices with respect to freight liability and claims and prescribed the lawful rules for the future. The decision held that rules are unlawful which, among other things (1) exculpate carriers from liability to shippers except in cases of negligence; (2) exculpate carriers from liability to shippers for special or consequential damages; and (3) limit the carriers' monetary liability to shippers to amounts below limits specified in the Board's decision. In connection with the carriers' monetary liability, the Board prescribed an interim limit of $9.07 to be applied to each piece in the shipment. Under this approach, the shipper is permitted to select released coverage and declare value on different pieces in the same shipment, thus avoiding the requirement (inherent in the previous rule) that the shipper pay for additional coverage or declare value on the entire shipment. The decision also directed that various conditions and restrictions on the carriage of property be included in the carriers' tariffs. Petitions for reconsideration of the Board's opinion were pending at the end of the fiscal year.

Hearings were held and briefs were filed in the *Investigation of Rules and Practices Relating to the Acceptance and Carriage of Live Animals in Domestic Air Freight Transportation* (docket 26310). At fiscal year's end this case was awaiting an initial decision by the administrative law judge. At the same time an opinion by the Board was pending in the *Domestic Air Freight Investigation* (docket 22859). Briefs were filed and oral argument heard in December 1975 in this case, which was a massive inquiry into the level and structure of carriers' air freight rates.

INTERNATIONAL FARES AND RATES

As price increases in aviation fuel began to level off in fiscal year 1976, the Board concentrated its attention on promoting improvements in the structure of both passenger fares and cargo rates. The carriers were advised that needed revenue improvements should come from increases in the lower promotional fares and specific commodity rates, rather than by increasing the burden on the normal-fare-paying passenger and the general commodity shippers. A number of agreements were disapproved because they failed to incorporate adequate reforms in the structure of fares and rates.

International Passenger Fares

The carriers continued to experience unfavorable financial results in North Atlantic scheduled air service despite a gradual upturn in traffic late in the year. Difficulties in developing a simplified but profitable fare structure and problems in adjusting to changing currency values as well as the impact of charter competition continue to make it difficult for the carriers to reach agreement on fares. The 6-month agreement approved by the Board for May 1, 1976, increased most North Atlantic fares by amounts up to 10 percent but failed to make significant structural changes. The Board disapproved the proposed increase in normal economy fares, however, on the basis that economy passengers were bearing an unreasonable burden of the overall cost of service and the carriers were advised that needed revenue improvements should come from increases at the lower end of the fare spectrum. The Board deferred action on individual fare proposals of Pan American and TWA for effect November 1, 1976, indicating that while it favored the fare simplification aspects of the filings, it continued to be opposed to increases in normal fares. IATA had not reached agreement on fares for November 1, 1976, at the end of the fiscal year.

In the North/Central Pacific, open rates have existed from April 1, 1975. Agreement on fares in this area has been hampered by the actions of non-IATA carriers and by illegal discounting and rebating practices. Although the Board approved a short duration IATA agreement in June 1976 which increased existing tariff levels by 3 to 5 percent, the agreement left the fare structure open within IATA. The approval was based

on revenue need, and the Board indicated that new agreements should contain substantial structural improvements. Final Board action on a new IATA agreement was pending at the end of the fiscal year. In the South Pacific, the Board approved increases of 7 to 10 percent in normal and promotional fares effective June 1, 1976.

A two-stage fare increase in United States-South/Central America and a 3- to 8-percent increase in Caribbean fares were approved through April 30, 1977. West coast-Mexico fares continued to remain open as a result of the Board's disapproval of a proposed 6-percent increase in August 1975.

In the case involving *Baggage Allowance Tariff Rules in Overseas and Foreign Air Transportation* (docket 24869), the Board found unlawful the free baggage weight allowances of 30 kilograms (66 pounds) for first-class passengers and 20 kilograms (44 pounds) for economy-class passengers in foreign and overseas air transportation. The Board concluded that the weight allowance system in effect was purely arbitrary in light of the unused space aboard modern aircraft. The air carriers were allowed a 1-year period from the date of the Board's order to cancel their previous allowances and to arrive at a new free-allowance system. The Board also determined that the carriers' charge for excess baggage, which is 1 percent of the first-class fare per kilogram, was unlawful and should be canceled. In this regard, the Board noted that the carriers might wish to consider the establishment of excess charges based on the number of baggage pieces in the shipment rather than its weight.

International Cargo Rates

The Board deferred action on an agreement to close cargo rates in the North Atlantic from June through August 31, 1975, because the interim agreement contained major structural changes which the Board was not prepared to accept for such a short period. Subsequently, the Board approved an agreement increasing both general and specific commodity rates, but conditioned its approval of general rates to the retention of high weight-break rates. However, British Airways withdrew from the agreement and the open rate continued. A new agreement was pending before the Board at the end of the fiscal period.

In December 1975, the Board disapproved an increase in North/Central Pacific cargo rates on the finding that, after eliminating excess capacity, the carriers would earn excessive returns under the proposal. The Board subsequently approved an agreement through September 30, 1977, which maintained, and in some cases decreased, general rates while increasing specific commodity rates 10 to 12 percent. The Board disapproved a proposed increase of 5 to 10 percent in South Pacific cargo rates because the carriers were found to be earning an adequate return under existing rates.

The Board turned down proposed increases in South America and

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Mexico cargo rates and increases in general rates to the Caribbean in January 1976 due to excess carrier earnings and significant weakness in the proposed structure.

Although the Board had ordered the *Transatlantic FAK Container and Charter Freight Rates Investigation* (docket 27557), the case had not yet proceeded to the hearing stage at the end of the fiscal year.

SERVICE MAIL RATES

The hearing in Phase 2 of the *Domestic Service Mail Rate Investigation* (docket 23080) was completed in September 1975, and briefs were submitted by the parties to the administrative law judge in January 1976. This case involves the establishment of service mail rates for 24 certificated carriers and about 25 air taxi operators on and after March 28, 1973, the date the Postal Service inaugurated containerized mail services. Temporary domestic service mail rates were fixed in January 1974 to give effect to increased operating costs. In October 1974, these rates were further increased to provide for fuel cost escalation.

In the first half of fiscal 1976, two Alaskan carriers petitioned for fuel surcharge increases to their intra-Alaska service mail rates. These surcharge rates were fixed by the Board on an ad hoc basis in fiscal 1976. In March 1976, Reeve Aleutian Airways filed for an increase in its intra-Alaskan service mail rates to cover overall cost increases incurred since the establishment of its then-existing final rates.

The hearing in the investigation of all international service mail rates, transatlantic, transpacific, and Latin American (docket 26487), was completed in January 1976, and briefs were submitted by the parties to the administrative law judge in March 1976. As a result of the enactment of the International Air Transportation Fair Competitive Practices Act in January 1975, the issues in this case were expanded to give consideration to international mail rates fixed by the Universal Postal Union (UPU) and the competitive disadvantage to U.S.-flag carriers which may result from higher UPU rates being paid to foreign carriers. The judge's decision is expected to be reached during the first half of fiscal 1977. The Board's final determination in this case may not be issued until late in fiscal 1977. The temporary international service mail rates were increased in October 1974 to provide for the precipitous rise in fuel costs for international air transport services. In February 1975, the temporary rates were further increased to accommodate overall cost inflation. In May 1975, the carriers petitioned for further increased temporary mail rates so as to include therein the elements currently reflected in the UPU rates.

MILITARY RATES

In June 1976, a joint petition by nine participating carriers was filed

requesting the Board to initiate a rulemaking proceeding to institute a full-scale review of the current final minimum rates for foreign and overseas military charters which were established by the Board in January 1975. The petition also requested that the Board fix increased interim final rates, pursuant to established procedure, pending completion of the review.

In FY 1976, the volume of Military Airlift Command contract operations in foreign air transportation declined to $159 million as compared to $207 million in FY 1975.

A full-scale review of the domestic military charter rates was initiated by the Board in January 1974. In accordance with its modified procedure of setting interim final rates on a prospective basis, the Board adopted several amendments adjusting the interim final rates pending completion of the full-scale review. Proposed rate adjustments were adopted in October 1975, and by January 1976 the filing of comments thereon was completed. The Board established final domestic military charter rates effective on and after July 15, 1976.

In FY 1976, the volume of MAC contract operations in domestic service increased to $51 million as compared to $48 million in FY 1975.

Fuel continued to be a significant item of cost and concern in the adequacy of rates fixed for air transportation performed for the military during fiscal year 1976. Therefore, the Board continued monitoring fuel price fluctuations reported in detail by the carriers on a monthly basis and maintained a quarterly program of fuel price surcharge rate adjustments.

In October 1973, due to the financial distress of some U.S.-flag carriers and the need for fuel conservation, the Board granted the U.S. scheduled carriers exemptions to transport military charter passengers on scheduled services at the military round-trip charter rate. This substitution service, allowing elimination of contracted charter flights, was successively authorized on short-term bases despite strong controversy as to the long-run economic merits. When the authorization was further extended by tariff filings through fiscal 1976, the Board believed an investigation was warranted and in July 1975 set the matter down for hearing. Subsequently, the authorizations to perform the substitution services under tariff provisions were extended until final decision is reached in the investigation. A hearing before an administrative law judge was held in June 1976.

SUBSIDY

Subsidy obligations under section 406 of the Federal Aviation Act totaled $72.2 million for fiscal 1976, a net increase of $8.8 million over the previous year. All of this increase was accounted for by the local service carrier group. Subsidy for the Alaskan carriers remained at the level of $4.3 million.

The local service carriers required a total of $67.9 million for fiscal 1976, compared to $59.1 million in 1975. Ninety-five percent of the local service subsidy accrued to the seven carriers operating under Class Rate VII, as amended. Subsidy obligations under the class rate reached $64.7 million for fiscal 1976, an increase of $7.1 million over the 1975 class-rate subsidy level. Class Rate VII, which became effective on July 1, 1973, and remained in effect through fiscal 1976, provided for semiannual reviews of subsidy-ineligible operations each March and September; prospective subsidy rates, effective January 1 and July 1 each year, were then reduced by 50 percent of any excess ineligible profits. Class Rate VII was amended as of January 1, 1975, to provide for concurrent semiannual reviews of both subsidy-eligible and subsidy-ineligible operations. Under this provision, improvements or deficiencies in the carriers' eligible need, as established in the base period of the class rate, were shared on a 50–50 basis by the carriers and the government, subject to the ceiling rates established in the class rate. Thus, all operations of the class-rate carriers were reviewed every 6 months, and adjustments to the subsidy rates made accordingly.

In response to carrier petitions, the Board issued an order of investigation and an information request in April 1976, and began preparations for the establishment of a new class rate. Class Rate VIII, effective as of July 1, 1976, is a refinement of Class Rate VII with a more stringent definition of services eligible for subsidy support.

The remainder of local service subsidy accrued to Air New England, whose subsidy more than doubled from $1.5 million in fiscal 1975 to $3.2 million in fiscal 1976. Air New England petitioned the Board for an increase in its individual subsidy rate in January 1975, and was granted a temporary rate of $3.2 million per year in October, retroactive to January. A final subsidy rate will be established for the carrier in fiscal 1977.

In March 1976, the Board reopened individual subsidy rates for two of the three subsidized Alaskan carriers, Alaska Airlines and Wien Air Alaska. Analysis is now underway, and final rates for the carriers will be set in fiscal 1977.

In September 1975, Air Midwest, a commuter carrier, submitted a petition for a certificate of public convenience and necessity. A 90-day temporary certificate to be effective November 14, 1976, was granted pending the resolution of specific provisions to be included in the permanent certificate. Air Midwest will be entitled to seek subsidy under its new certificate for its services to small communities in Kansas and Colorado.

Allegheny Airlines, unsubsidized since July 1, 1974, applied for a return to local service subsidy support in January 1975. The Board proposed to deny Allegheny's petition in a show-cause order in March 1975.

Frontier's petition for an adjustment of its subsidy for the past period December 2, 1969, to June 30, 1971, received a formal hearing before an administrative law judge in June 1976. Final determination of the amount of overpayment or underpayment (if any) of Frontier's subsidy during the past period is expected in fiscal 1977.

In April 1974, after more than 20 years of subsidy-free operation, Pan American World Airways and Trans World Airlines applied for subsidy support for their international operations. The Board's orders to show cause, which proposed that TWA's and Pan Am's petitions be denied, were issued on March 16 and April 19, 1976, respectively. Both carriers filed answers. Pan Am requested that the Board defer its decision until the carrier's operating results for calendar year 1976 could be evaluated, while TWA requested that the Board set its subsidy petition for hearing. Both matters are now pending.

TWA, in a petition filed May 5, 1975, requested subsidy for its domestic operations as well. In January 1976, Eastern Air Lines also petitioned the Board to establish a subsidy rate for its domestic system. The petitions were denied in March and June 1976, respectively.

Subsidy accruing to air carriers, fiscal 1976 and 1975 (000)

	Fiscal 1976	Fiscal 1975
Air New England	$3,204	$1,507
Allegheny		
Frontier[1]	12,282	11,563
Hughes Airwest	9,710	7,795
North Central	13,422	11,639
Ozark	7,977	8,156
Piedmont	8,172	7,454
Southern	6,380	6,121
Texas International	6,710	4,834
Total local service	67,858	59,069
Alaska Airlines	2,161	2,154
Kodiak-Western	130	129
Wien Air Alaska	2,069	2,062
Total Alaskan	4,360	4,345
Total subsidy	72,217	63,414

[1] Includes $3,975 in fiscal 1976 and $131,019 in fiscal 1975 for Air Midwest "flow-through" subsidy obligations. No disbursements have been made to Air Midwest since June 1975, as a result of a court decision holding "flow-through" subsidy to be unlawful (*Airline Pilots Association International, et al.* v. *Civil Aeronautics Board,* Nos. 74-1512, 74-1600, C.A.D.C., July 11, 1975).

ECONOMIC ANALYSIS ACTIVITIES

The Board's economic analysis activities include monitoring and evaluation of the airline industry's economic, financial, and technological developments, as well as assistance at the various stages of the Board's regulatory decisional process, thus enabling the Board to test its policies and their application to future problems and individual case decisions.

Studies and Analyses Performed

One such analytical study in preparation at the fiscal year end was the "Economic Effects on the U.S. Certificated Carriers if Curfews are Implemented." During the year, two studies on the "Energy Conservation Policies and Practices of the CAB" were completed and forwarded to the Congress. Recurring and one-time analyses for internal Board use provided during the year included studies in connection with: decision-making phases of cases prior to initial decisions; review of initial decisions; rate of return on investment, based on Board standards; review of stock prospectuses and registration statements; coverage of Congressional Hearings on Aviation Economics; market value analyses; and effects of major discount fares.

EMERGENCY PREPAREDNESS ACTIVITIES

Continuity of Government Operations

The CAB's Defense Readiness Plan for the continuity of operations under emergency conditions has been completed. Subsequent to the publication and distribution of the plan to appropriate staff elements of the CAB, the staffing requirements for the CAB's alternate headquarters locations will be reviewed and completed.

Assessment of Resources

A report entitled "CAB War Air Service Program Resource Report—Calendar Year 1976" was prepared and distributed to interested Federal agencies and all the certificated air carriers. The report predicts the

1976 volume of essential priority traffic that would require air transportation in case of a major emergency and relates this volume to the estimated capacity of the commercial airlines to accommodate it, if the CRAF (Civil Reserve Air Fleet) aircraft are withdrawn.

Interagency Cooperation

The Board continued its cooperation with other Federal agencies in the development and review of emergency preparedness transportation and continuity-of-government plans, largely through its membership on the following committees for emergency preparedness planning: The Interagency Emergency Preparedness Committee; The U.S./Canada Emergency Planning Committee for Civil Transportation; The Interagency Civil Defense Committee; The Civil Reserve Air Fleet Advisory Committee; and The Energy Conservation Committee. The following is a detailed discussion of the committees:

COMMITTEE SPONSORED BY THE CAB

The *CAB Industry Advisory Committee on Aviation Mobilization*, established in 1954, assists the Board with problems involving mobilization of the air transport industry in a national emergency. The committee assures the broad-based, in-depth planning for industry participation in the War Air Service Program required under Executive Order 11490.

The committee last met on June 18, 1968, to discuss identification of essential civil air routes in time of national emergency and other matters involving CAB planning for the program under the Executive order.

Committee members are: S. L. Seltzer, American Airlines, Inc.; J. E. Reinke, Eastern Air Lines, Inc.; B. G. Griggs, Jr., Northwest Airlines, Inc.; G. Doubleday, Pan American World Airways, Inc.; T. K. Taylor, Trans World Airlines, Inc.; D. A. Medland, United Air Lines, Inc.; P. J. Rodgers, Ozark Airlines, Inc.; R. Vickery, The Flying Tiger Line Inc.; R. A. Neff, Seaboard World Airlines, Inc.; E. J. Driscoll, National Air Carrier Association; and C. G. Collins, Jr., Department of Transportation.

On May 6, 1976, the Chairman extended the term of this committee for a 2-year period, beginning July 1, 1976. The Office of Management and Budget agreed to the continuation of the committee, as required by the Federal Advisory Committee Act (Public Law 92-463).

Currently, the committee members assist in the annual preparation of the WASP Resource Report, which is mailed to the committee members for their review and comment prior to its final publication and distribution to each certificated air carrier and interested agencies of the Government.

INTERAGENCY COMMITTEES NOT SPONSORED BY THE CAB

The *Interagency Emergency Preparedness Committee*, reestablished on March 26, 1975, by the Office of Emergency Preparedness, helps to coordinate the Federal Government's emergency preparedness development programs.

The U.S./Canada Emergency Planning Committee for Civil Transportation, created in February 1964 by the Office of Emergency Transportation, studies and coordinates emergency transportation problems common to the two countries.

The Interagency Civil Defense Committee was reestablished on July 8, 1975, by the Defense Civil Preparedness Agency of the Department of Defense. It advises the Director of Civil Defense in carrying out his responsibilities in the field of civil defense.

The Civil Reserve Air Fleet Advisory Committee was reestablished on April 4, 1974, by the Department of Transportation. This group helps to resolve problems relating to the policies and practices followed by DOT in the allocation of aircraft to the CRAF program.

The Energy Conservation Committee, established in May 1973 by the Office of Energy Conservation of the Department of the Interior, develops nationwide plans for energy conservation from proposals made by the participants in their areas of specific responsibility.

ECONOMIC ENFORCEMENT

In fiscal year 1976 the Bureau of Enforcement added new refinements to its program concept of enforcement and directed its efforts toward greater use of the Federal courts in both civil and criminal prosecutions. The Board's Bureau of Enforcement concluded 1,244 compliance actions through informal means, increased the number of formal proceedings instituted to 165, including 35 petitions for enforcement[1] filed before the Board, and obtained 25 cease-and-desist orders.[2] The Bureau initiated 10 actions in Federal court, obtained 50 injunctions,[3] and collected a total of $1,314,725 in civil penalties and court-imposed fines

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[1] Hobbit International et al., docket 28047; Braniff Airways, docket 28133; Bor Air Freight Co., docket 28271; Emerald International Travel et al., docket 28283; World Airways, Inc., docket 28350; Seko Air Freight, docket 28362; International Leisure Time Association, docket 28519; Empress Travel, Inc., docket 28549; Paulssen & Guice, docket 28550; International Sporting Club et al., docket 28751; C. James England, docket 28903; Tour Travel Enterprises, docket 28942; Trans World Airlines, docket 28970; Burlington Northern Air Freight, docket 29017; Aloha Airlines et al., docket 29041; National Carloading Co. d/b/a ABC Freight, docket 29171; Athletic Club d/b/a Kentucky Athletic Club, docket 28792; Aerovias Nacionales de Colombia, docket 29182; American Air Lines et al., docket 29223; Maritz Travel, docket 29309; Aeroflot (Soviet Airlines), docket 29350; United Air Lines, docket 26904; Seaboard Airlines, dockets 27036 and 27101; Braniff Airways, docket 27073; Eastern Air Lines, docket 27415; Airlift Int'l., Inc./Seaboard Airlines, docket 27522; Qantas Airways, docket 27631; Lufthansa Airlines, docket 27682; SABENA Airlines, docket 27793; Northwest Airlines, docket 28003; United Air Lines, docket 28145; Japan Air Lines, docket 28277; American Airlines, docket 28760; Trans International Airlines, docket 28807.

[2] Hobbit International, Inc., et al., docket 28047; Johnson Flying Service, Inc., docket 26332; Empressa Guatemalteca de Aviacion, docket 27937; Kinki Nippon Tourist Co. (Japan) d/b/a Kintetsu World Express, Inc., docket 27919; World Airways, Inc., docket 28350; Seko Air Freight, Inc., docket 28362; Aloha Airlines, Inc., docket 27982; Japan Air Lines Company Ltd. et al., docket 27919; International Leisure Time Association, docket 28519; Empress Travel, Inc., docket 28549; Paulsaen & Guice, Ltd., docket 28550; Shoftour, Inc., docket 27324; The Athletic Club, Inc. d/b/a Kentucky Athletic Club, docket 28792; Emerald International Travel, Inc. et al., docket 28283; The Flying Tiger Line Inc., docket 27919; Bor-Air Freight Co., Inc., docket 28271; Burlington Northern Air Freight, Inc., docket 29017; Braniff International Airways, Inc. et al., docket 26364; WITS, Inc. d/b/a WITS Air Cargo, docket 27660; Allegheny Airlines, et al., dockets 27131, 27183, 27230, 27252; Japan Air Lines Co., Ltd., docket 28277; Braniff Airways, Inc., docket 28133; International Sporting Club, et al., docket 28751; Maritz Travel Co., Inc., docket 29309; General Department of International Air Services (Aeroflot, "Soviet Airlines"), docket 29350.

[3] Scottish American Association Inc., Travel A-Go-Go, Inc., Francis J. Folan, Julia A. Folan; Air France, Air India, Alitalia, British Airways, British Caledonian, El Al, Iberia, Icelandic, Japan Air Lines, KLM Royal Dutch Airlines, Lufthansa, Olympic, Pakistan International, Pan American World Airways, Sabena, SAS, Swissair, TAP, Trans World Airlines; Leisure International Vacations Corp., Regis Konley, Robert Kontowicz; Scottish American Association, Inc., Travel A-Go-Go, Inc., Francis J. Folan, Julia A. Folan; Air New Zealand, Air Siam, Canadian Pacific Air, China Air Lines, Japan Air Lines, Korean Air Lines, Northwest Airlines, Pan American World Airlines, Philippine Air Lines, Qantas, Flying Tiger Line, VARIG, Union de Transports Aeriens; WITS, Inc. d/b/a WITS Air Cargo Service; Mercer, Bahamas Amusement, Century Tours, Air Florida, BCK Service; Braniff Airways, Inc.

ranging from $500 to a single record high of $300,000.

CONSUMER-ORIENTED VIOLATIONS

Additional emphasis was placed on consumer-related violations in fiscal 1976, and the increased assignment of enforcement resources in the consumer program area will continue for the foreseeable future. In April of 1976 an administrative settlement against Allegheny Airlines for violations of the Board's smoking regulations was obtained.[4] The Board's order included an affirmative action program to insure the carrier's future compliance and the payment of $8,000 in civil penalties. The Allegheny settlement is being used as a model for the settlement of similar pending complaints.

Enforcement proceedings in the consumer area led to hearings involving alleged deceptive advertising in the sale of air transportation by Braniff[5] and Lufthansa.[6] Both of these cases were sucessfully litigated resulting in the Board's issuance of cease-and-desist orders.

A hearing has also been completed against Trans International Airlines[7] involving alleged failure to provide compensation to passengers whose baggage was damaged.

Hearings have been held in an administrative action against TWA[8] wherein the carrier was charged for deceptive advertising (on-time performance). The judge has not as yet rendered his opinion.

The Bureau, in each of the administrative actions set forth in this report, has requested affirmative action as a part of the relief sought. The affirmative action approach is intended to require redress, not just cessation of violations, and to give some assurance against similar violations in the future through the carrier's self-policing actions. For example, in false and deceptive advertising cases, "corrective advertising" is one remedy. In cases involving violations of the smoking regulations, changes in the internal procedures for training and supervising cabin attendants have been made to assure that the no-smoking regulations are observed aboard aircraft. The requirement of affirmative action relief has given greater scope to the usual cease-and-desist order and provides for better future compliance.

While approximately 20 percent of the Board's Bureau of Enforcement staff was devoted last year to obvious consumer matters such as denied boarding, bonding/escrow violations, and overbooking, a much larger proportion of our resources are devoted to less obvious areas of consumer protection. For example, the Bureau's cargo enforcement program has been directed not only toward eliminating unlawful rebating practices, dimensional weight violations, etc., but also toward protect-

[4] Dockets 27131, 27183, 27230, 27252.
[5] Docket 27073.
[6] Docket 27682.
[7] Docket 28807.
[8] Docket 28970.

ing the small shipper from the predatory practices of more powerful competitors in the industry. By way of further illustration, the Bureau has, on a number of occasions, acted in concert with FAA where both passenger safety and economic violations were involved. The *U.S. and CAB* v. *Mercer Airlines, Inc. et al.* case, recently concluded in the Federal courts, was an example of an unauthorized air transportation operation being successfully litigated by the Bureau and the FAA.

Thus, in one form or another virtually all of the Bureau's enforcement efforts are and will continue to be devoted to the protection of the consumer, whether it is the traveling or shipping public.

CHARTER VIOLATIONS

During fiscal 1976 a number of enforcement actions were brought in the charter area by the Bureau of Enforcement that had a substantial impact on the traveling public. The Bureau has turned increasingly to the Federal courts to prosecute violations of the Federal Aviation Act, particularly in those areas where the economic forces of the marketplace required immediate action.

In a Federal court action (*CAB* v. *Scottish-American, et al.*)[9] the Board secured an unprecedented injunction against charter violations requiring an individual defendant to make refunds to passengers who had paid for but not received transportation. At the urging of bureau counsel the court exercised its "ancillary equitable powers" requiring the refunds in order to do complete justice.

Another "first" in the charter area was successful contempt-of-court actions which arose from the *CAB* v. *Carefree Travel, et al.*,[10] Las Vegas charter flight injunctions obtained last year. Six individuals and corporate defendants pled guilty to one or more counts of criminal contempt and are awaiting sentencing. These cases represent the first time anyone has faced possible incarceration for violations of the Board's charter rules.

In another precedential case the Board, through its Bureau of Enforcement, filed a complaint in the Federal court in San Francisco against Trans International Airlines and Asian American Recreation Association[11] for the sale of affinity transportation which has no bonding, escrow, or other passenger protections under the guise of the one-stop charters (OTC's) which are bonded under the Board's regulations.

The Board's response to the public demand for cheaper vacation-oriented air transportation and greater variety of charter modes has been met with the promulgation of new charter rules. From an enforcement standpoint the proliferation of charter forms has created new challenges in properly monitoring a market that is rapidly expanding. The Board's

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[9] CA No. 74 C 915 E.D.N.Y.
[10] 513 F.2d 375 (CA. 2, 1975).
[11] Civil No. C-76-1436-AJZ—N.D. Calif.

enforcement efforts will continue unabated to protect the traveling public from abuses such as "bait and switch" advertising and bonding and escrow violations.

DISCOUNTING AND REBATING

Two important Federal court cases, growing out of grand jury proceedings on the east and west coasts, reached a successful culmination last year. A consent injunction was entered against both U.S. and foreign air carriers operating in the North Atlantic market. The decree, enjoining various tariff violations under section 403(b) of the Act, was entered in connection with the disposition of a criminal matter brought against 19 carriers for unlawful rebating in violation of section 902(d) of the Act.[12] The defendants paid a total of $655,000 in criminal fines in connection with the disposition.

In a companion case, 13 U.S. and foreign air carriers were enjoined from passenger ticket discounting and rebating in the Pacific market.[13] In addition, the injunction covered cargo discounting. A total of $126,000 in fines was imposed in connection with the disposition of the criminal action.

In both cases the injunctions will run for 5 years and each carrier and ticket agent having actual notice of the decrees faces potential criminal contempt actions and substantial fines and imprisonment for future violations of the decrees.

A permanent injunction was obtained against Braniff Airways[14] for rebating in the Latin American market, and a 22-count indictment against Aeroflot[15] for unlawful rebating on the North Atlantic is pending trial.

In addition, a complaint charging criminal contempt of the North Atlantic anti-rebating injunction is outstanding against Iberia Airlines and two of its officials. One travel agent for Iberia has entered a guilty plea for contempt of the east coast injunction and is awaiting sentencing as of the end of fiscal 1976.

A continuing program of monitoring these injunctions during fiscal 1976 will occupy a substantial percentage of the Board's enforcement resources.

UNAUTHORIZED AIR TRANSPORTATION

The Bureau of Enforcement's continuing program of cooperation with the Federal Aviation Administration resulted in successful litigation in the Federal courts during fiscal 1976.[16] A consent permanent injunction

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[12] *U.S.* v. *Air France et al.*, E.D.N.Y. Civil Action No. 75 C 1578.
[13] *U.S.* v. *Air New Zealand et al.*, N.D. Calif. Civil Action No. C-76-0329-OJC.
[14] N.D. Texas (Dallas Division) Civil Action No. CA 3-76-0590 G.
[15] E.D.N.Y. Cv. No. 76Cr477.
[16] *U.S. and CAB* v. *Leisure International Vacations Corp. et al.*, Civil Action No. 75-1434 (D.C. W.D. Penna.).

was entered on November 7, 1975, prohibiting an unauthorized air carrier operation. After finding the defendants in contempt of the order, the court ordered full refunds to passengers protected from the corporate treasury. This was another instance where the Bureau's counsel was successful in causing the court to use its ancillary equitable powers. In another instance of joint action between the CAB and the FAA, five separate consent permanent injunctions[17] were entered April 23, 1976, against five defendants terminating an unauthorized scheduled service. This area of cooperation between the two agencies is particularly important since safety requirements, although not directly within the Board's jurisdiction, are involved.

ACCOUNTING AND REPORTING VIOLATIONS

Reliance by the Board on the accuracy of information supplied by the entities subject to regulation is essential to the Board's regulatory processes. In that connection, the Board's Bureau of Enforcement has established a continuous monitoring program to insure the timely and accurate submission of reports. After an exhaustive audit investigation of Braniff Airways[18] an administrative enforcement action was initiated charging the carrier with failure to properly report disbursements of unaccounted-for corporate funds amounting to upwards of $900,000. Some of the money from the slush fund was used to make a $40,000 political campaign contribution. Braniff ultimately agreed to pay $300,000 in civil penalties, undertake an affirmative action program, and consent to a rebating injunction in the Latin American market. During the fiscal year an investigation of Aloha Airlines was also conducted. It led, after the close of the fiscal year, to referral to the Department of Justice and a successful criminal prosecution of Aloha and its president. In addition, an administrative enforcement proceeding was concluded when Aloha agreed to pay $75,000 in compromise of civil penalties for related accounting and Board reporting requirements.[19]

CARGO

A newly developed device for obtaining compliance in the cargo area has been to require an affirmative action plan under administrative order in the settlement of a case, together with the entry of a court order enjoining future violations by the airfreight forwarder. In *WITS, Inc. d/b/a WITS Air Cargo Service*,[20] the Board found respondent in violation of the Act and the regulations by having undeclared weights, making advance payments to certain individuals to procure their business, and failing to file with the Board an "agency" agreement and a "joint

[17] *U.S. and CAB* v. *Mercer Airlines, Inc. et al.* (D.C. S.D. Fla., FL 76-6078 CIV-NCR).
[18] Docket 26364.
[19] Docket 29862.
[20] W.D. Calif.-Civil Action No. C76-201M.

loading" agreement. In addition to the payment of $60,000 in civil penalties, WITS, Inc., was required to file with the Bureau of Enforcement an affirmative action plan to insure future compliance with the Act and regulations. In addition, a consent decree filed in the Federal district court enjoins WITS from the violations set forth in the Board order and subjects the defendant to serious criminal contempt penalties for violations thereof.

An affirmative action plan was also an essential element in *BOR-Air Freight Co., Inc., Enforcement Proceeding*.[21] Many of the types of cargo violations already discussed were found by the Board and generally involved tariff observance.

During the past year injunctions were obtained against 13 U.S and foreign air carriers for passenger rebating across Pacific routes. In addition, the injunctions also covered cargo rebating as well. Criminal misdemeanor fines for both passenger and cargo rebating were obtained in the amount of $126,500. Thus, every carrier encompassed in the court's order in the Pacific market is now subject to substantially increased penalties for any future violations of the court's order.

INVESTIGATIONS

Subsequent to September 29, 1975, the date on which permanent injunctions became effective against 19 North Atlantic airlines, the Bureau's investigators devoted many hours to making certain that travel agents concerned were notified of these injunctions, and later in probing the marketplace for possible violations of the decrees. Monitoring of the injunctions resulted in the filing of a contempt case against one of the carriers (Iberia) and its travel agent accomplices. In a related matter, investigations by Bureau special agents resulted in the filing of an indictment against the Soviet carrier Aeroflot by the U.S. attorney in New York.

Close liaison with the Board's enforcement counterparts in West Germany, the Netherlands, Belgium, France, England, and Ireland in the North Atlantic market has been maintained as a means of meeting the discounting and charter enforcement problems during the past year.

On March 29, 1976, 13 carriers operating in the Pacific agreed to a consent injunction against rebating practices in that area. Since then, Bureau of Enforcement investigators have been active in checking leads which indicate possible violations of the consent decree.

In addition to the investigations and injunction actions in the North Atlantic and Pacific market involving unlawful discounting and rebating, a similar injunction was obtained in the Latin American market involving Braniff Airways.

In the air cargo field, comprehensive investigations were conducted

[21] Docket 28271.

last year to determine whether correct charges were being assessed to individual shippers and correct commodity descriptions and weight statements to the direct carrier were being observed. In addition, as a consequence of field investigations, several companies were found to be engaging in air freight forwarding without the requisite Board authority. When so advised they applied to the Board for the requisite authorization.

Passenger charters, both domestic and international, required the investment of a substantial number of investigator man-hours. Some local service carriers, operating substantial charter programs for the first time in fiscal 1976, needed special attention. So-called gambling junkets, primarily to Las Vegas from many U.S. cities, often required investigation because either (a) the flight operator did not hold common carriage authority or (b) the traveling group, as constituted, did not qualify for single-entity charter transportation.

Also in the consumer area, a multicarrier review was conducted by field investigators to confirm that stricter Board requirements for the publishing of "joint fares" between more pairs of points had, in fact, reduced the "constructed fare" problem of past years to negligible proportions.[22]

Enforcement category	Pending June 30, 1975	Instituted during fiscal 1976	Concluded during fiscal 1976	Pending June 30, 1976
Informal compliance actions	686	1,533	1,244	975
Formal proceedings	125	165	111	146
Investigations	169	838	790	217
Total	980	2,536	2,145	1,338

The informal enforcement actions involved seven major categories of violations as set forth below.

	Percent
Categories of violations:	
Charter violations	33
Requests for information	18
Tariff violations	13
Unfair and deceptive practices	11
Unauthorized air transportation	9
Accounting and reports	7
Control-interlocking relationships	2
All others	7
Entities subject of complaint:	
U.S. trunkline and local service carriers	28
Ticket agents	19
Charter organizations	12
U.S. supplemental air carriers	12
Foreign air carriers	10
Air freight forwarders	5
All others	14

[22] In the absence of a joint fare published in the carrier's tariff, the fare had to be "constructed," but the rules were so complex and their application so time consuming that it raised the potential of passenger overcharging.

AUDITING

The Board was heavily involved in comprehensive investigatory audits of a number of air carriers to determine whether questionable overseas payments such as political contributions, payments to foreign government officials, or other questionable overseas payments had been improperly accounted for on the carriers' books and records.

The practice of performing audit work in response to specific requests was continued in fiscal 1976. The requests of the bureaus and offices were in excess of the capability of the audit function, especially after providing the manpower application to the special audits described above. The more important audit requests were satisfied to the extent possible. Substantial audit work was performed on subsidized local service carriers in support of a new class rate formula.

Accounts and records of most certificated route and supplemental air carriers received some audit coverage. The audit objectives were to verify carrier compliance with the Board's Economic Regulations, particularly those embodied in the Uniform System of Accounts and Reports, and to report any apparent uneconomical and extravagant expenditures, and to evaluate statistical reporting.

Significant accounting and reporting irregularities were uncovered in regard to expenses not allowable for subsidy and ratemaking purposes, flight equipment not in operating service but classified as operating equipment, and incorrect classifications of expenses for ratemaking purposes.

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ACCOUNTING AND REPORTING

As fiscal year 1976 opened, the accounting and reporting function embarked on a program to update the Board's information systems to keep pace with the changing needs of the Board, the industry, other Government agencies, and consumer interests, as well as with evolving accounting principles. In addition, as part of this program, efforts were intensified to scale down air carrier reporting requirements and to cut down on paperwork generally. The more significant responsive actions that were implemented or proposed are highlighted below.

Updating the Accounting System

During the past decade, there have been numerous changes in accounting and disclosure practices throughout American business, and especially in the air transport industry. The primary moving forces have been changing economic conditions in the industry, development of new forms of innovative business transactions, legislative and regulatory decisions, global inflationary trends, and proliferation of pronouncements by professional accounting bodies.

To be responsive to these changes, and to assure that the Board's information system is sensitive enough to meet the information demands of the future, the Board adopted a major revision to its Uniform System of Accounts and Reports for Certificated Air Carriers in fiscal year 1976. Among the more significant areas addressed and updated were accounting for self-insurance reserves and other loss contingencies, airframe and engine overhauls, deferred income taxes, prior period adjustments, equity method of accounting for investor relationships, stock purchase warrants, and air carrier traffic liability accounting.

To further maintain uniform accounting standards and to keep abreast of changing conditions affecting the industry, the CAB issued several directives on accounting and reporting matters. Directives of primary importance dealt with the accounting and reporting of aircraft fuel inventories and consumption, and the reporting of civilian domestic and international charter flights by U.S. certificated route and supplemental air carriers and foreign direct air carriers.

Reducing Reporting Burdens

The Board has always had a program to evaluate the usefulness of its reporting requirements. Nevertheless, in the spring of 1975, a new action plan was developed to give the program renewed impetus and higher priority. A comprehensive program is now in place, with the dual objectives of ascertaining whether there are still reports required which no longer serve a regulatory need, and whether the usefulness of required reports can be enhanced. Today, the program is a systematic, ongoing review of recurrent reporting requirements, with more thorough evaluations of whether the information the Board needs is available from an alternative data source, either within the Board or from another agency of the Federal Government.

The first tangible accomplishment of the program occurred in February of 1976, when the Board substantially reduced the reporting requirements of the air freight forwarders. The filing frequency of forwarder reports was changed from four times a year to once a year; the number of schedules filed by smaller forwarders was reduced from nine to one. For all forwarders, these changes eliminated the need to file approximately 14,000 schedules per year, a reduction of more than 75 percent of the reports which would have been filed during 1976 under the old rules.

In another effort to cut down the paperwork burden, the Board adopted a regulation affecting some 300 commuter air carriers which significantly reduces the number of schedules to be filed by this carrier group.

The Board is now actively pursuing ways to reduce the paperwork for the largest businesses we are authorized to regulate—the certificated air carriers. For example, a system to eliminate some 2,340 pages of hardcopy statistical reports now submitted each month by air carriers is under development. Printouts could be generated from service segment data now submitted on automatic data processing media, rather than having the air carriers file data on both ADP media and manually completed hardcopy schedules.

CAB/SEC Single Reporting

One of the more important actions for reduction of reporting requirements on bigger businesses is the joint effort of the Board and the Securities and Exchange Commission (SEC) to develop a single reporting system for certificated air carriers. As the fiscal year drew to a close, a draft notice of rulemaking was developed which will, when adopted, enable many air carriers to use their CAB reports to meet similar reporting requirements of the SEC. The premise underlying this effort is the Board's belief that the Federal Government should not require two different balance sheets and income statements from the same company. As such, the proposal, which in all likelihood will be adopted and

effective January 1, 1977, is a significant step forward in the Board's efforts to simplify reporting burdens. It is also a significant joint undertaking by two Government agencies which could set the pace for uniform reporting to the Government to the maximum extent possible on matters of common concern.

In addition, the Board's proposal would incorporate the latest accounting standards of the Financial Accounting Standards Board, in continuance of the policy of bringing the Board's regulations into conformity with newly evolving generally accepted accounting principles. Finally, the proposal would reduce the level of reported detail in the area of deferred income taxes.

Service Segment Data

Service segment data are detailed monthly point-to-point traffic and capacity information on the movement of passengers and cargo in scheduled services, by carrier, flight number, and aircraft type. Release of service segment data by Board actions and by administrative law judges in connection with various regulatory proceedings has been continually on the increase and is now almost routine in cases involving routes and services. The Board proposed in March of 1976 to eliminate the rules that prevent disclosure of domestic data to the public until 12 months after the close of the year to which the data relate. In its proposal, the Board observed that the possible inequities inherent in the release, on an ad hoc basis, of data which are supposed to be automatically entitled to confidential treatment necessarily invited reexamination of the general "rule" from which individual "exceptions" have so frequently been made.

In proposing the prompt public disclosure of domestic service segment data, the Board noted that the quality of regulatory actions initiated by the carrier and the public would be enhanced by the ready availability of service segment data. Such availability would provide the Board with the benefit of more fully informed presentations on which to rely in arriving at its decisions. Also, airport operating agencies and communities will be better informed in evaluating their air service needs and requirements. Finally, it was anticipated that ready availability of these service segment data will be of use to air carrier managements, not only in dealing with scheduling and excess-capacity problems but also in improving route policies and promotional fare policies and in seeking to achieve better utilization of equipment. Following review and evaluation of public comments, the Board issued a final regulation, effective on November 22, 1976, which releases the domestic data as soon as the Board has processed all carrier reports for a reporting period. This is expected to provide domestic data to the public within 60 to 90 days after the close of each month. The revised regulation also makes international data available to U.S. scheduled route

carriers as soon as processed instead of the former 12-month waiting period, and facilitates access to the international data for State and local governing bodies.

Accounting Principles and Disclosure Standards

Several pronouncements were issued in fiscal 1976 by professional organizations and governmental bodies such as the Financial Accounting Standards Board, American Institute of Certified Public Accountants, and Securities and Exchange Commission. These institutions are responsible for molding accounting principles and disclosure standards for American business. Such pronouncements, together with those expected in the future, could change the very framework of accounting principles. To assure that the Board's concerns and viewpoints were considered, several position papers requiring attendant research effort were prepared and undertaken.

The most prominent of these proposals involved the recording of leasing activities, the classification of items as prior period adjustments, and the accounting for restructured debt. In addition, issues were presented on the auditing standards governing the areas of comparative financial statements, the detection of errors or irregularities, and illegal acts by clients.

Evaluations of Carrier Operations

Air carrier operating results and activities were evaluated under a continuing program, utilizing the financial, cost, and statistical review programs established as monitoring mechanisms. A traffic forecast for 1976 was prepared and published using the Dow Jones Industrial Average as a leading indicator.

Data Index (First Edition)

This document was compiled and prepared as a guide to the financial and statistical data submitted to the Board by the air carriers, and also as a guide to data generated within the Board. It was developed as a result of numerous requests for such an index from the general public, and from within the Board. It is the first comprehensive index of the data and other information available in the Board which references over 1,700 data items to nearly 200 forms and schedules and over 70 publications and reports. The usefulness of the Data Index is apparent from the demand for copies from people outside the Board. The original printing is nearly exhausted, and recently the Government Printing Office requested 1,225 copies for distribution to its depository libraries.

New Charter Data System

Recently instituted liberalized charter programs, such as the one-stop inclusive tour charter, the advance booking charter, and the

special event charter, required the installation of a new streamlined charter data system to monitor developments. The charter data collected will be used in the negotiation of bilateral agreements and to determine the degree of impairment of scheduled or other nonscheduled air services. The new system will also provide needed basic information on the growth and other dimensions of the charter industry.

The new reporting requirement, adopted late in fiscal year 1976, had as its first reporting period the fourth quarter of fiscal year 1976. A data edit purification system is nearly complete for processing the data. End product reports and user access capabilities are being designed.

Air Taxi and Commuter Air Carrier Data

Selected overall traffic statistics were summarized from the annual reports required of air taxi operators. Air taxis are registered with the Board and engage directly in air transportation of persons, property, or mail using aircraft with a maximum of 30 seats or 7,500-pound payload. Over 3,000 carriers filed reports, of which some 300 conducted scheduled commuter services between at least two points.

Air Taxi Data, Calendar Year 1975[1]

	Number of passengers carried	Aircraft hours flown	Aircraft miles flown	Number of aircraft departures performed
Domestic	7,813,461	1,819,179	282,334,713	2,089,684
International	513,317	65,648	10,652,717	74,001
Total	8,326,778	1,884,827	292,987,430	2,163,685

[1] Includes the scheduled operations of commuter air carriers.

These statistics are collected by the Board for its use and for use by the National Transportation Safety Board in appraising the safety performance of this class of carriers.

Data Consulting Services

A formal program was established in January of 1976 under which the administrative law judges can obtain statistical data consulting services from the Bureau of Accounts and Statistics. Such services cover significant questions posed by requests for evidence and information in the prehearing conference phase of economic proceedings. Expert statistical and ADP staff consult with the judges on matters of data content and interpretation, data availability, and burdens and timing involved in the production of statistical data for the case. Bureau staff also attend the prehearing conference upon request. Requests for statistical evidence and information can thus be cast to produce material for the record which is clearly used and useful in the process of decision in the proceeding. Production of data which may be relevant but which are not likely to be material to the decision process can be avoided.

Moreover, this program better enables the judge to establish procedural dates which provide the parties with sufficient time to produce and prepare statistical exhibits.

Market Statistics

Service segment data have gained increased acceptance in the aviation community. The data have become better known, and of higher quality, achieved by improved Board edit procedures and airline cooperation. Accordingly, many more Federal, State, and community airport and transportation agencies have requested their use in the planning and monitoring of transportation services and requirements. Service segment data contain information by flight number and flight segment on capacity, departures, passengers, cargo, mail, miles and hours flown, aircraft type, and load factors. They are thus uniquely useful, and accordingly have also been used by various congressional committees in studies of air transportation, regulation research, and legislation.

The Board's continuing Origin-Destination Survey of Airline Passenger Traffic, which provides information on the individual passenger's journey and choice of routing and air carrier, is also heavily relied upon by users within and outside the Government. These data are also attaining greater utilization in route and rate decisions, airport and airways planning, and in studies relating to aircraft acquisition and disposition.

International Statistical Programs

A CAB staff member is the U.S. member of the Statistical Panel of the International Civil Aviation Organization (ICAO). Through his representation and by other means, the operation and development of ICAO's worldwide collection of civil aviation statistics gains support. Traffic and financial reports covering U.S. air carrier operations are submitted recurrently to ICAO. The CAB panel member was chosen to head the U.S. delegation to the statistical conference in Montreal held in November 1975.

Recurrent Statistical Publications

The following recurrent statistical, financial, and cost publications were again issued during 1976: "Aircraft Operating Cost and Performance Report"; "Trends in Airline Unit Costs and Cost Elements"; "Trends in All-Cargo Service"; "Quarterly Financial Review"; "Summary of Financial Position"; "Aircraft Utilization and Capacity"; "Study of Productivity"; "Air Carrier Investments' Holders of Air Carrier Debt"; "Seasonally Adjusted Traffic and Capacity"; "Comparative Financial Review"; "Wide-Bodied Aircraft Market Shares"; "Air Carrier Traffic Statistics"; "Air Carrier Financial Statistics"; "Origin-

Destination Survey of Airline Passenger Traffic"; "Airport Activity Statistics"; "Quarterly Airline Industry Economic Report"; "Interim Financial Report"; "Economic Report of Air Freight Forwarders"; and "Freight Loss and Damage Claims Report."

DATA PROCESSING

The critical issues facing the Board in coming years, and the many factors changing the air transport industry, will create demands for even more comprehensive, uniformly compiled, and valid air carrier financial and statistical data. Added to these demands will be the need to fully implement the Board's programs for systematic improvement of the regulatory system. The Board's approach, which parallels the President's four-point program, entails: (1) making aviation regulatory programs more responsive to the consumer; (2) improving analyses of economic consequences of regulation; (3) reducing procedural delay; and (4) placing greater emphasis upon the forces of competition. The Board's ability to cope successfully with these requirements will depend, in great measure, upon a modern and responsive information and analytic capability.

Automatic data processing (ADP) is the cornerstone of the Board's information program. ADP support is utilized in virtually all phases of the Board's activities. It is a primary tool to be used in achieving the beneficial objectives of all programs to improve regulatory performance.

Installation of a major new computer hardware facility was completed at the beginning of fiscal 1976. The new equipment has the productive capacity to provide the management and staff of the Board with reliable ADP support for the coming 5-year period. To exploit fully the inherent capability, and to manage effectively the substantial resources involved, a totally new processing environment was required.

This entailed, during the year, a massive conversion of the Board's entire library of existing computer programs and files. New types of software were also added, primarily to make the computer more responsive to user needs. The transition effort further necessitated an extensive program of staff and user retraining and indoctrination.

This heavy and irreversible investment in modernization was considered to be absolutely essential. Sufficient and sophisticated ADP capacity is fundamental to the proper support of the staff in complex analytical areas such as measurement of the impact of experimenting with the removal of entry, exit, and price controls, and in other monitoring and quality control activities associated with regulatory reform. Moreover, the new computer offers powerful opportunities to realize an increase in non-ADP staff productivity, minimize the need for additional manpower, reduce air carrier reporting burdens, and hasten the pace of regulatory decisionmaking.

As a result of the accomplishments during fiscal 1976, a new family of

ADP applications is now technologically possible in which terminals in users' offices are connected to computerized data files. For example, during fiscal 1976 the Board is well into the development of a Work Item Tracking System, the overall purpose of which is to make CAB regulatory programs more responsive via an on-line terminal. The terminal device will show the status of any significant Board work item versus its schedule or target; thus immediate action can be taken as appropriate. The purpose of such applications is to employ the computer to make specific decisionmaking information available to management at the time it is needed.

In these times of rapid change in the air transport industry and in the regulatory environment, the Board faces a great challenge to improve its regulatory performance. This places heavy demands upon our system development, monitoring, analytical, and informational programs, in all of which ADP plays a key role. During fiscal 1976, major, far-reaching, technical progress was made to set the tools and techniques in place with which to maximize the contribution of ADP to achieving the future goals and objectives of the Board.

CONSUMER AFFAIRS

In its first full fiscal year, the Board's Office of the Consumer Advocate (OCA) actively exercised the expanded authority granted it by the Board in 1974. (The Board on October 29, 1974, amended part 384.7 of its Organization Regulations and part 302.9 of its Rules of Practice to authorize its Office of Consumer Affairs to participate as a party in proceedings before the Board. The Office was renamed the Office of the Consumer Advocate—the first of its kind in Federal Government—to better reflect its broadened authority to serve the consumer interest.)

Between July 1, 1975, and June 30, 1976, OCA participated before the Board in matters in 33 dockets involving a total of 36 OCA filings.

During the year the Office's original function of handling of consumer complaints maintained the high quality of responsiveness it had achieved during the previous 2 years, despite an 11-percent increase in the number of complaints received by the Office without any increase in the size of the Consumer Advisory Section of the staff. The Office handled 14,247 consumer complaints and responded to 9,888 consumer letters (including 802 from Members of Congress) and received approximately 8,200 telephone calls. For the fiscal year, the Office was assisting consumers in recoveries or adjustments at the rate of about $31,000 per month.

As part of its efforts to increase public awareness of the Office and its services, in keeping with the recommendation of a 1975 study by an independent contractor, the Director of the Office delivered addresses or participated in consumer conferences and seminars involving national consumer organizations and air carrier management and travel industry groups.

The Office also continued its consumer education efforts through several publications. It prepared and issue a new pocket-sized publication, "Consumer Guide to International Air Travel," and an updated and expanded version of its popular "Air Travelers' Fly-Rights." The Office arranged with the General Services Administration's Consumer Information Center in Pueblo, Colo., for distribution of these publications in response to individual requests. The Board's Publications Services Section continued to service requests for limited quantities of the booklets and some individual requests. At fiscal year's end, the

Office was arranging for an in-house printing of a simple, one-page "Consumer Facts on Air Fares" and planned to redesign the folder for a printing of 250,000 copies by the Government Printing Office in response to popular demand.

The Office participated in a wide range of regulatory matters in its consumer advocacy role. It petitioned the Board to institute rulemaking proceedings in three important areas where consumers could benefit. In docket 28181, OCA sought a revision of part 207 of CAB Economic Regulations to delete rules limiting the frequency and regularity of off-route charters performed by the certificated route air carriers. OCA argued that, with the adoption of one-stop inclusive tour charters, the Board should remove the artificial restrictions on competition for charters. Such competition would inure to the benefit of the consumer and permit economical use of route carriers' aircraft in performing charters. In docket 29165, OCA asked the Board for a rule to impose needed consumer protection provisions for tour charters, to terminate certain exemptions granted to tour organizers and to license indirect air carrier tour organizers of passenger charters. Complaint statistics gathered by OCA in its normal course of business indicated that consumer complaints in the broad areas of "tours" and "charters" represent a significant and growing proportion of total complaints received. OCA concluded that additional Board scrutiny was therefore essential for the protection of consumers. In docket 29410, OCA requested the Board to adopt a rule which would provide participants on charter flights protection similar to that provided under the Board's denied-boarding compensation rule. OCA proposed that the Board establish "denied transportation compensation" payable when the airline cancels a charter contract without providing adequate substitute transportation.

OCA supported a petition of the Aviation Consumer Action Project (ACAP) for revision of part 234 of CAB regulations (docket 27891) to require airlines to report on time flights, rather than scheduled time flights, making the rule applicable to the printed schedule arrival times as a measure of on-time performance. OCA also filed a consolidated answer in support of an ACAP complaint against certain rates, fares, and charges of Trans World Airlines and American Airlines. OCA stated that it was unreasonable and unjust for any carrier to charge two fundamentally differing fare levels for essentially the same services, and it urged the Board to consider adoption of a "farthest point" pricing rule whereby passengers destined for intermediate stops may not be charged a greater fare for the same class of service than passengers destined to a point beyond.

The Office filed a number of complaints in fare matters, among them a request for Board rejection of fare-construction rules revisions proposed by the U.S trunklines and local service airlines. OCA argued that cancellation of the "point beyond" construction rule could subject consumers to burdensome fare increases. The Office suggested that

fares be published on all routings likely to be used by consumers and that such published fares must not exceed the fare that would be charged if the "point beyond" construction were used. The tariff effecting the revisions was rejected by the Board for technical reasons after the OCA complaint was filed. The Office also opposed 1- and 2-percent fare increases proposed by various airlines, contending that proposed monthly fare increases would result in chaos for the entire industry, harm the airlines' public image, and result in depression of traffic. The Board dismissed the complaints and denied requests for suspension and investigation of the fares, finding the 2-percent increase not excessive. OCA also filed complaints on various grounds against certain fare increases proposed individually by several carriers. In one of those dockets, the complaint contended that the filed tariff contained provisions inconsistent with Board rules and precedent and that the carrier had not justified its filing. The carrier, World Airways, Inc., subsequently withdrew the tariff and submitted one with acceptable changes. OCA (docket 29059) also opposed recognition of anticipatory costs in the ratemaking calculations of the industry's revenue need. OCA suggested that only verified fuel and labor costs be projected, based on existing contracts with fuel suppliers and labor unions.

In what may have been a first action of its kind by an agency bureau or office, OCA filed a third-party complaint against Trans International Airlines (docket 28807), alleging violation of the Warsaw Convention and the carrier's own tariff in denying claims for lost and damaged baggage.

In the *Emergency Reservations Practices Investigation* (docket 26253), OCA filed a letter suggesting that the Board determine whether overbooking is in violation of the Federal Aviation Act of 1958, urging that denied-boarding compensation be provided under certain circumstances not covered under existing denied-boarding regulations, that a $50 minimum be established (in place of the existing $25 limit) and the maximum limit ($200) be removed, and that denied-boarding compensation should not preclude provision of amenities.

OCA generally supported the Board's proposal to adopt a new regulation to establish an Advance Booking Charter (ABC) (docket 28852). Essentially, OCA urged adoption of as liberal a rule as possible in order to insure that the affinity charter rules can ultimately be replaced by a nondiscriminatory form of charter available to the general public.

These are the proceedings in which OCA participated as Consumer Advocate during fiscal year 1976:

Docket	*Proceeding*
21866–4	Domestic Passenger-Fare Investigation (Phase 4—Joint Fares)
25280	Agreements adopted by IATA regarding conditions of carriage-cargo
25315	OCA's letter for inclusion (re: Airport Security Charges
21866–9	and *Domestic Passenger-Fare Investigation)*
26253	OCA's letter for inclusion in the Emergency Reservations Practices Investigation
26310	OCA's summary of pertinent correspondence (re: live animal transportation)
27417	OCA letter seeking to participate in the Domestic Load Factor Case
27589	Domestic Liability Rules Investigation (OCA Comments)
27671	OCA brief in "no frill" fares case
27876	Comments supporting Board proposal to amend part 372 (Overseas Military Charters)
27891	Answer in support of ACAP petition for rulemaking to amend part 234
28008	Answer to application of Air Traffic Conference for prior Board approval of an agreement
28048	Motion for a public data release (re: the Deregulation Experiment) and comments on the experiment
28181	Petition of OCA for revision of part 207 concerning fre-
28058	quency and regularity restrictions for off-route charters
28204	by certificated air carriers and motion for contemporaneous consideration with dockets 28058 and 28204
28262	Air Midwest certificate application (OCA filed to become a party)
28376	Consolidated answer (re: ACAP complaint against rates,
28377	fares, and charges of Trans World and American Airlines)
28395	Complaint against fare increases proposed by American Airlines (U.S.-Puerto/Virgin Islands)
28472	Complaint against revisions to fare-construction rules
28557	Complaint against fare increases proposed by Allegheny Airlines
28761	Comments regarding procedural recommendations of the Advisory Committee on Procedural Reform
28783	Complaint against tariffs filed by World Airways, Inc.
28807	Complaint against Trans International Airlines
28852	Comments on proposed rulemaking to establish an advance booking charter
28856	Complaint against tariffs filed by various carriers proposing 1- and 2-percent fare increases

Docket	*Proceeding*
28859	Answer in opposition to petition of Air Jamaica (1968) Limited for issuance of a show-cause order to impose restrictions on OTC volume in certain selected markets
28968	Comments supporting Board's proposal to release service segment data about 90 days after the period to which the data relate
29059	Comments in opposition to recognition of a cost-escalation factor for ratemaking purposes
29165	OCA petition for rulemaking to impose consumer protection provisions for tour charters and to license charter tour organizers
29265	Complaint against tariffs filed by various carriers
29272	Complaint against tariffs filed by various carriers
29331	Comment in opposition to petition of Carefree Travel, Inc., and Nationwide Leisure Corp. for emergency rulemaking to amend part 378 and part 378a of the Board's Special Regulations in order to permit operation of extra charter sections
29410	Petition for rulemaking to provide compensation to charter flight participants whose flight is canceled by the direct air carrier

The complaint distribution for fiscal years 1976 and 1975 follows:

Carrier	Complaints	Percent of total
American Airlines:		
1976	997	7.00
1975	1,047	8.14
Braniff Airways:		
1976	428	3.00
1975	378	2.94
Continental Air Lines:		
1976	299	2.10
1975	265	2.06
Delta Air Lines:		
1976	521	3.66
1975	644	5.01
Eastern Air Lines:		
1976	1,137	7.98
1975	1,216	9.45
National Airlines:		
1976	244	1.71
1975	506	3.93
Northwest Airlines:		
1976	735	5.16
1975	442	3.44
Trans World Airlines:		
1976	961	6.75
1975	962	7.48
United Air Lines:		
1976	843	5.92
1975	908	7.06

Carrier	Complaints	Percent of total
Western Air Lines:		
1976	302	7.12
1975	239	1.86
Pan American World Airways:		
1976	525	3.68
1975	562	4.37
Hughes Airwest:		
1976	161	1.13
1975	146	1.13
Allegheny Airlines:		
1976	536	3.76
1975	637	4.95
Frontier Airlines:		
1976	156	1.09
1975	144	1.12
North Central Airlines:		
1976	154	1.08
1975	139	1.08
Ozark Air Lines:		
1976	184	1.29
1975	127	.99
Piedmont Aviation:		
1976	96	.67
1975	86	.67
Southern Airways:		
1976	109	.77
1975	110	.85
Texas International Airlines:		
1976	125	.88
1975	114	.89
Aloha Airlines:		
1976	47	.33
1975	43	.33
Hawaiian Airlines:		
1976	34	.24
1975	60	.47
Alaska Airlines:		
1976	26	.18
1975	33	.26
Wien Air Alaska:		
1976	76	.53
1975	47	.36
Air New England: *		
1976	94	.66
1975	23	.18
Foreign air carriers:		
1976	1,792	12.58
1975	1,362	10.59
Supplemental air carriers: **		
1976	444	3.12
1975	382	2.97

Carrier	Complaints	Percent
Capitol International Airways	68	15.28
McCulloch International Airlines	18	4.04
Modern Air Transport	4	1.00
Overseas National Airways	198	44.49
Saturn Airways	0	.00
Trans International Airlines	78	17.53
World Airways	62	13.93
Foreign supplementals	16	3.60

Commuters:		
1976	352	2.47
1975	406	3.16

See footnotes at end of table.

Carrier	Com-pllaints	Percent of total
Freight forwarders:		
1976	270	1.90
1975	362	2.81
Agents and groups:		
1976	1,374	9.64
1975	1,098	8.53
"Other" (including CAB, FAA, Flying Club, etc.):		
1976	1,225	8.60
1975	376	2.92
Total:		
1976	14,247	100.00
1975	12,864	100.00

* Inaugurated service as a certificated carrier Jan. 24, 1975.
** Breakout is 1976 only.

Percent of total
1.90
2.81
9.64
8.53
8.60
2.92
100.00
100.00

COMMUNITY AND CONGRESSIONAL RELATIONS

The Office of Community and Congressional Relations maintained a close working relationship in FY 1976 with its constituency among the communities and Members of Congress. The office handled more community problems through informal assistance than ever before, and congressional liaison maintained the same high level of activity largely as a result of the regulatory reform hearings.

Through informal negotiations and assistance, the office saved considerable amounts of time and money for communities with air service problems. Many of these informal meetings were brought about as a direct result of a congressional office inquiry on behalf of the affected community.

Informal meetings were held by OCCR with the following communities and others: Cincinnati, Ohio; Little Rock, Ark.; San Angelo, Tex.; Valdosta, Ga.; Midland/Odessa, Tex.; Dallas/Fort Worth, Tex.; Nashville, Tenn.; Columbus, Ohio; Savannah, Ga.; North Dakota State Aviation Dept.; Vermont Aeronautics Board; McAlester, Okla.; Alaska Transportation Commission; Florida Public Utilities Commission; Old West Regional Commission; Daytona Beach, Fla.; Rockford, Ill.; Jackson, Miss.; Knoxville, Tenn.; Birmingham, Ala.; Laurel/Hattiesburg, Miss.; and Reno, Nev.

In addition to holding meetings, the office provided assistance and information to numerous communities posing questions about the level and quality of their air service. For example, specific communities which OCCR assisted in FY 1976 include: Cortez, Colo.; Oakland, Calif.; Athens, Ga.; Temple, Tex.; Natchez, Miss.; Casper, Wyo.; Baton Rouge, La.; and Idaho Falls, Idaho.

OCCR also maintained an open line of communication with the community-related organizations interested in CAB matters. The liaison insured that these organizations' views were transmitted to the Board for consideration in CAB policy decisions. The office participated in meetings of the Airport Operators' Council International, American Association of Airport Executives, National Association of State Aviation Officials, Southeastern Airport Managers' Association, the

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Commuter Airline Association of America, and the Texas Municipal League.

The office handled several thousand constituent and other requests from Members of Congress and participated in the drafting of testimony for 16 congressional hearings.

The extensive examination given the issue of regulatory reform by the 94th Congress required substantial information from all bureaus of the Board, and it was OCCR's responsibility to coordinate the responses to these requests. After the CAB offered its own regulatory reform proposal, OCCR received numerous requests for supplemental information. In addition to hearings before the House and Senate Aviation Subcommittees on regulatory reform, comprehensive hearings on CAB policies were held by the House Small Business Committee's Subcommittee on Regulatory Agencies. These hearings required testimony by Board Members or staff on three separate occasions, as well as the submission of written responses to extensive inquiries. OCCR coordinated the responses to the committees' requests, and worked with congressional staff members in providing information and CAB witnesses.

COURT CASES

Litigation during fiscal year 1976, for the most part, consisted of direct statutory review of Board orders in the U.S. courts of appeals. Seven complaints also were filed in the U.S. district courts against the Board, and on three other occasions, litigants who had been unsuccessful in appeals challenging Board orders in the courts of appeals filed petitions for certiorari in the U.S. Supreme Court. In all three of the latter instances the Supreme Court refused to review the lower court decisions in favor of the Board.

Forty-eight proceedings were instituted against the Board, compared with 67 in the preceding year. At the close of the fiscal year, 39 petitions for review had been disposed of, 64 were pending. In the preceding year, 67 petitions for review had been disposed of, and 55 were pending at year end.

An important case pending in the Court of Appeals for the District of Columbia Circuit at the close of fiscal year 1975, *Moss* v. *C.A.B.*, 521 F.2d 298 (C.A.D.C., 1975), involved a challenge by 26 Members of the House of Representatives to the Board's determination that the scheduled carriers were not required to refund any portion of the domestic passenger fares in effect between October 1, 1969, and October 14, 1970. Those fares had previously been invalidated by the court in *Moss* v. *C.A.B.*, 430 F.2d 891 (C.A.D.C., 1970). On review, the court concluded that the Board had properly determined that the fares were not unjust and unreasonable and that the carriers had not been unjustly enriched by reason of the collection of such fares. The Supreme Court declined review of this decision, 424 U.S. 966 (1976).

Two important cases involving carrier subsidy payments were also decided in fiscal year 1976. *Piedmont Aviation* v. *C.A.B.*, 528 F.2d 255 (C.A. 4, 1976), involved a challenge to a Board determination that Piedmont had received an excessive amount of subsidy payments for the years 1964–66 and that it must refund $5,381,470 to the Government in accordance with the profit-sharing provisions of the subsidy rate formula. In affirming the Board's decision, the Court of Appeals for the Fourth Circuit rejected Piedmont's argument that in computing the carrier's 1966 tax savings the Board had improperly ignored the effect of the investment tax credit in reducing Piedmont's tax liability.

In the second case, *Air Line Pilots Ass'n.* v. *C.A.B.*, 515 F.2d 1010 (C.A.D.C., 1975), the District of Columbia Circuit set aside the Board's authorization of a 2-year experimental program whereby subsidy funds allotted to Frontier Airlines, a certificated local service air carrier, are passed along by it to Air Midwest, a commuter air carrier, in order to support replacement service by Air Midwest at three Kansas points where Frontier had been permitted to suspend its service. The court concluded that the Board lacks the power under section 406(b) (49 U.S.C. 1376 (b)) of the Federal Aviation Act to subsidize Air Midwest or any other noncertificated carrier.

A significant case decided at the close of the fiscal year, *Northwest Airlines* v. *C.A.B.*, 539 F.2d 748 (1976), involved a challenge to the Board's grant of temporary exemption authority under section 416(b)(1) (49 U.S.C. 1386(b)(1)) of the Federal Aviation Act to permit the implementation of an agreement between TWA and Pan American for temporary changes in some of the transatlantic and transpacific routes operated by each, including exchanges of certain routes. The agreement was intended as a temporary response to the financial crisis threatening both carriers. On review, the District of Columbia Circuit "agree[d] with the Board that the severe financial distress of the two major United States flag international carriers justified initial Board action under Section * * * 416(b)(1)." It found, however, that "[t]he temporary changes should have been implemented only until such time as the Board could complete narrowly focused, expedited proceedings—including proper notice and hearing—looking toward a decision on permanent changes in certificate authority." As the Board had not instituted certificate proceedings during the exemption period, the court vacated the Board's order and remanded the case to the Board.

In another important case, *REA Express* v. *C.A.B.*, 524 F.2d 54 (C.A. 2, 1975), the Court of Appeals for the Second Circuit upheld Board orders terminating REA's authority as an indirect air carrier to provide "air express" service under an agreement with some 33 U.S. carriers. In rejecting assertions that the Board failed to apply the "public interest" criteria specified by Congress, the court found that the Board "observed its responsibilities to REA and to the public, making its 'public interest' determinations only after weighing and balancing the essential relevant factors which it was obligated to consider." The Supreme Court declined review of this decision, 96 S. Ct. 2227.

Decisions were also forthcoming involving the Board's disposition of two route proceedings. In *Continental Air Lines* v. *C.A.B*, 519 F.2d 944 (1975), the District of Columbia Circuit set aside the Board's denial of competitive nonstop service between San Diego and Denver and remanded the case to the Board. The court held that generally "the Federal Aviation Act requires the Board to foster competition as a means of enhancing the development and improvement of air transportation service on routes generating sufficient traffic to support com-

peting carriers." On remand, the Board granted competitive nonstop authority to Continental (order 76–5–87).

In *State of Maine* v. *C.A.B.*, 520 F.2d 1240 (1975), the Court of Appeals for the First Circuit vacated and remanded that portion of the Board's decision in the *New England Service Investigation* which deleted Bar Harbor and Rockland, Maine, from Delta's certificate. The court held that the Board was obligated to examine whether those points required a "suspension/substitution" arrangement. Under that arrangement Delta would retain certificate responsibility, but its obligation to provide the service itself would be suspended as long as it secures the substitute service of a noncertificated commuter air carrier. Such findings may not be required by the Federal Aviation Act, the court declared, but "are necessary here because of the importance of that issue in the proceedings before the Administrative Law Judge and because he found that such arrangements should continue."

Finally, there were two decisions during the fiscal year concerning the nonreviewability of Board orders in respect to foreign air carriers subject to the approval of the President. *Diggs* v. *C.A.B.*, 516 F.2d 1248 (1975) involved a challenge by 19 members of the House of Representatives to a Board order, approved by the President, which authorized South African Airways to serve a new route between Johannesburg, South Africa, and New York. The District of Columbia Circuit dismissed the petition on grounds that section 1006(a) (49 U.S.C 1486 (a)) of the Federal Aviation Act expressly withholds court of appeals jurisdiction to review such orders. The Supreme Court declined review of this decision, 424 U.S. 910 (1976).

The second case, *Sitmar Cruises* v. *C.A.B.*, D.C.D.C. Civil Action No. 75–1716, involved an appeal from a Board order, approved by the President, which denied an application for a foreign air carrier permit under section 402 (49 U.S.C. 1372) of the Federal Aviation Act. The District Court for the District of Columbia dismissed the appeal holding that section 1006(a) was intended to foreclose judicial review of such orders in any forum including district courts.

Lastly, at fiscal year's close, important cases had been argued and were awaiting decision in the courts of appeals. These included *Continental Air Lines* v. *C.A.B.*, C.A.D.C. No. 75–1090, a challenge to the Board's decision in Phase 9 of the *Domestic Passenger-Fare Investigation* (orders 74–3–82 and 74–12–109), which set mandatory fare differentials between first-class, coach, and economy services; *World Airways* v. *C.A.B.*, C.A.D.C. No. 76–1072, an appeal from the Board's determination that the Federal Aviation Act precludes the award of a route certificate for scheduled service to a supplemental air carrier unless the carrier relinquishes its supplemental certificate; and *Trans World Airlines* v. *C.A.B.*, C.A. 2, No. 75–4169, a petition to review a Board rule which authorized, on an experimental basis, a new class of charters

called "one-stop inclusive tour charters" (OTC's), to be operated by scheduled and supplemental air carriers.

ADMINISTRATION

KEY PERSONNEL CHANGES

President Gerald R. Ford appointed R. Tenney Johnson as a Board Member on March 25, 1976, to fill an unexpired term resulting from Robert D. Timm's resignation.

Chairman John E. Robson appointed Dr. Norma Maine Loeser as the Managing Director on December 8, 1975. Dr. Loeser took a leave of absence from the School of Government and Business Administration of George Washington University, Washington, D.C., to join the CAB in early January 1976.

KEY PERSONNEL

Chairman	JOHN E. ROBSON
Special Counsel to the Chairman	HOWARD A. COHEN
Vice Chairman	RICHARD J. O'MELIA
Assistant	ELIAS C. RODRIGUEZ
Member	G. JOSEPH MINETTI
Assistant	FREDERIC D. HOUGHTELING
Member	LEE R. WEST
Assistant	CHARLES M. PALMER
Member	R. TENNEY JOHNSON
Assistant	ROBERT E. COHN
Managing Director	NORMA MAINE LOESER
Secretary (Acting)	PHYLLIS T. KAYLOR
Comptroller	ANTHONY F. TORONTO
Director, Office of Community and Congressional Relations	JAMES L. KOLSTAD
Congressional Relations Officer	CHARLES T. DONNELLY
Director, Office of Public Affairs	RONALD AARON EISENBERG
Director, Office of Consumer Advocate	JACK YOHE
Director, Office of Personnel	PATRICK F. BOTTONE
Director, Office of Facilities and Operations	VINCENT J. CHAVERINI

Director, Office of Equal Employment Opportunity	JOANN M. BEAVER
General Counsel	JAMES C. SCHULTZ
Deputy General Counsel	JEROME NELSON
Director, Bureau of Economics	ARTHUR H. SIMMS
Deputy Director, Bureau of Economics	VACANT
Director, Bureau of Operating Rights	BRUCE E. CUNNINGHAM
Deputy Director, Bureau of Operating Rights	JAMES A. SALTSMAN
Assistant Director, Formal Proceedings	ROY PULSIFER
Director, Bureau of Enforcement	THOMAS F. MCBRIDE
Deputy Director, Bureau of Enforcement	JAMES L. WELDON, JR.
Director, Bureau of International Affairs	CONSTANTINE C. MENGES
Deputy Director, Bureau of International Affairs	ROSARIO SCIBILIA
Director, Bureau of Accounts and Statistics	RAYMOND KURLANDER
Deputy Director, Bureau of Accounts and Statistics (Acting)	SAMUEL L. BROWN
Assistant Director for ADP Planning	ROBIN A. CALDWELL
Chief Administrative Law Judge	ROBERT L. PARK
Associate Chief Administrative Law Judge	ROSS I. NEWMANN

ORGANIZATION CHANGES

During fiscal year 1976:

The Office of the General Counsel was reorganized through the creation of the Rules Division and the Rates and Agreements Division from the previously existing Rules and Rates Division. The organizational (12-4-75) change was effected to streamline regulatory decisionmaking and management of workload.

SELECTED WORKLOAD

Actual 1975 and 1976 Workload and Estimated 1977 Workload for More Significant Categories

Item and fiscal year	Receipts during fiscal year	Completions during fiscal year	On hand end of fiscal year
Formal route cases:			
1975	23	30	51
1976	34	42	43
1977	49	36	56
Informal route matters:			
1975	320	296	103
1976	286	288	101
1977	335	335	101
Cargo and charter licensing:			
1975	5,638	4,974	1,050
1976	6,637	7,165	522
1977	8,103	7,684	941
Formal hearing proceedings:			
1975	78	77	43
1976	99	84	58
1977	97	84	71
International negotiations/consultations:			
1975	97	98	4
1976	95	93	6
1977	101	106	1
International studies/analyses:			
1975	746	753	23
1976	1,052	1,048	27
1977	820	832	15
International aviation problems:			
1975	831	838	43
1976	1,013	1,008	48
1977	890	912	26
Review of tariff filings:			
1975	124,544	123,808	8,330
1976	129,646	131,158	6,818
1977	136,000	136,000	6,818
Tariff referrals and complaints:			
1975	1,469	1,489	91
1976	1,542	1,566	71
1977	1,700	1,700	71
Formal passenger and property rate investigations:			
1975	38	43	43
1976	45	52	36
1977	55	55	36
Passenger and property rate exemptions:			
1975	18	17	2
1976	51	53	.....
1977	110	110	.....
Government rates:			
1975	391	476	108
1976	169	252	25
1977	257	244	38
Intercarrier rate agreements:			
1975	992	955	129
1976	1,141	1,169	101
1977	1,300	1,300	101
Acquisitions, interlocks, and agreements:			
1975	4,173	5,910	423
1976	4,293	3,900	816
1977	4,274	4,623	467
Subsidy rates and analyses:			
1975	148	112	75
1976	168	205	38
1977	170	161	47

SELECTED WORKLOAD—Continued

Actual 1975 and 1976 Workload and Estimated 1977 Workload for More Significant Categories—Continued

Item and fiscal year	Receipts during fiscal year	Completions during fiscal year	On hand end of fiscal year
Subsidy claims and payments:			
1975	672	672	12
1976	609	609	12
1977	664	664	12
Regulation of accounting and reporting systems:			
1975	1,146	1,302	787
1976	1,501	1,558	730
1977	2,046	1,939	837
Carrier report schedule filings (number of pages):			
1975	78,870	78,090	780
1976	79,200	79,990	750
1977	84,400	84,150	1,000
Analysis and evaluation:			
1975	402	398	15
1976	496	488	23
1977	571	577	17
Statistical data reports:			
1975	649	656	69
1976	667	677	59
1977	750	790	19
Audit of subsidized carriers:			
1975	472	86	666
1976	353	155	864
1977	400	200	1,064
Audit of nonsubsidized carriers:			
1975	861	329	1,246
1976	207	275	1,178
1977	400	250	1,328
Formal and informal enforcement actions:			
1975	1,486	1,065	810
1976	1,698	1,355	1,153
1977	1,890	1,455	1,588
Enforcement investigations:			
1975	1,961	1,520	817
1976	2,371	2,034	1,154
1977	2,700	2,175	1,679
Consumer complaints:			
1975	12,846	13,158	1,156
1976	14,247	13,438	1,965
1977	17,000	17,765	1,200
Opinion writing:			
1975	99	90	62
1976	174	177	71
1977	207	215	63

FINANCING BOARD OPERATIONS

Operating costs are paid from funds appropriated annually by the Congress. Salaries and expenses costs for fiscal years 1975 and 1976 and related man-years of employment follow:

Item	Fiscal 1975	Fiscal 1976
Salaries and expenses (000)	$17,610	$19,855
Man-years of employment	717	752

MONEY RETURNED TO THE TREASURY

The Board collected and deposited $1,888,000 in the miscellaneous receipt accounts in the Treasury. The money was primarily from filing and license fees. Included in the total was $476,675 received from civil penalties assessed against air carriers.

Receipts from Filing and License Fees
During the Period July 1, 1975–June 30, 1976

Paragraph	Fees	Number	Year-to-date fiscal year amount
(a)(1) Applications—Section 401	$300	171	51,400
(b) Agreements—Section 412(a)—IATA	50	808	40,400
(b) Agreements—Section 412(a)—Other	50	868	43,400
(b) Agreements—Prior Board Approval	200	42	8,400
(c) Air Cargo Pickup and Delivery	175	1	175
(d) Airport Notices/Authorization	40	29	1,160
(e) Change in Service Pattern—Heli	40		
(e) Change in Service Pattern—Other	300	5	1,500
(f) Change of Name	300	10	3,000
(g) Delay Inauguration/Suspend Services	400	48	19,200
(g) Extend Notice of Embargo	25	5	125
(h) Exemption—Section 401 and Special Authorization—Section 417 and Waiver	300	173	51,900
(i) Exemption—Section 403	50	64	3,200
(j) Other Exemptions	100	1,444	144,400
(j) Each Additional Charter Named	10	6,250	62,497
(k) Free or Reduced Rate Authority	10	122	1,220
(k) Waiver of Tariff Regulation	10	168	1,680
(k) Special Tariff Permission	10	2,029	20,290
(l) Inclusive Tour Charter Prospectus	50	401	20,050
(m) One-Stop and Special Event Charters	50	1,123	56,150
(n) Study Group Statements	50		
(o) Travel Group Charters	50	463	23,150
(p) Interlocking Relationships	250	27	6,750
(q) Merger Acquisition of Control not Certified	150	63	9,450
(q) Merger Acquisition of Control Certified	3,000	1	3,000
(q) Lease Purchase Agreements	50		
(r) Motions	50	337	16,850
(s) Air Freight Forwarder	400	59	23,600
(t) Operating Authorization/Military	400		
(t) Bonds/Military	50		
(u)(v) Tariffs Issued	[1]2		242,687
(w) Request for Waiver	[2]25	12	222
Part 298:			
Air Taxi Registration	15	1,820	27,300
Total Filing Fees			883,156
License Fees per Attached Schedule			410,500
Total Filing and License Fees			1,293,656

[1] $2 per page.
[2] $25 or 10 percent of fees, whichever is less.

License Fee Receipts—Fiscal 1976 (July 1, 1975 through June 30, 1976)

Number	Name of case	Description	Carrier	Fee
75-6-152	Pan Am-American-Pan American Route Exchange Agreement	Amended cert., routes 117, 130, 136	Pan American	$1,500
75-6-152	American-Pan American-American Route Exchange Agreement	Amended cert., routes 4 and 166	American	40,000
75-7-5	Route Realignment	Amended cert., route 73	Frontier	2,000
75-8-25	Boston-Detroit Nonstop Service Case	Amended cert., route 97-F	Allegheny	10,000
75-8-72	Renewal Proceeding	Amended cert., route 141	Kodiak-Western Alaska	10,000
75-8-85	Route Realignment	Amended cert., route 3	Northwest	2,000
75-8-155	Deletion of Pine Bluff, Arkansas	Amended cert., route 82	Texas International	1,500
75-9-5	Eastern-Ozark Route Transfer Agreement	Amended cert., route 107	Ozark	2,000
75-9-19	Omaha-Des Moines Service Case	Amended cert., route 4	American	40,000
75-9-19	Omaha-Des Moines Service Case	Amended cert., route 10	Eastern	2,000
75-9-19	Omaha-Des Moines Service Case (order 76-3-190)	Amended cert., route 73	Frontier	10,000
75-10-23/24	Acquisition of Johnson Flying Service	Amended cert., Acquisition	Evergreen	20,000
75-10-81	Deletion of separate Goldsboro-Kinston and redesignating as one point	Amended cert., route 87	Piedmont	1,500
75-10-102	Denver-Grand Rapids Nonstop Service Case	Amended cert., route 1	United	2,000
75-10-119	Fort Myers-Atlanta Exemption	Amended cert., route 10	Eastern	40,000
75-11-45	Remanded Reno-Portland/Seattle Nonstop Service Case	Amended cert., route 76	Hughes	20,000
75-12-62	New York-Rio de Janeiro-Johannesburg Case	Amended cert., route 133	Pan American	20,000
75-12-109	Remanded Reno-Portland/Seattle Nonstop Service Case (order 75-11-45)	Amended cert., route 63	Western	20,000
76-1-36	Renewal of Certificate to serve Maracaibo, Venezuela	Amended cert., route 114	Delta	2,000
76-1-119	Philadelphia-Rochester/Syracuse Case	Amended cert., route 97	Allegheny	10,000
76-2-1	Honolulu-Vancouver Route Proceeding	Amended cert., route 52	Western	40,000
76-3-93	Miami-Los Angeles Competitive Nonstop	Amended cert., route 35	Western	40,000
76-3-171	Removal of two-stop restriction between NYC-Asheville, N.C.	Amended cert., route 87	Piedmont	2,000
76-3-201	Route Realignment	Amended cert., route 82	Texas International	2,000
76-5-66	Cleveland-Toronto Route Proceeding	Amended cert., route 97-F	Allegheny	10,000
76-5-87	Additional Service to San Diego	Amended cert., route 29	Continental	20,000
76-6-53	Baltimore-Norfolk Service Case	Amended cert., route 97	Allegheny	10,000
76-6-98	United States-Cayman Islands Service Investigation	Amended cert., route 174	Southern	10,000
76-6-122	Boston-Atlanta Nonstop Service Case	Amended cert., route 24	Delta	20,000
			Total	410,500

76-6-98	United States-Cayman Islands Service Investigation	10,000
76-6-122	Boston-Atlanta Nonstop Service Case	20,000
	Total	410,500

EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

Under the Board's Equal Employment Opportunity Program, the picture is steadily improving for women. Significant achievements have been made during this fiscal year. For the first time, the Managing Director position (GS–18) is occupied by a woman. Women in GS–16 positions have increased from one to three with the appointment of a female Administrative Law Judge and the promotion of a GS–15 to GS–16 supervisory transportation industry analyst. This promotion reduced the GS–15's to one. There is a significant increase, however, in the GS–12 to GS–14 levels as follows:

Grade	Total	New appointments	Promotions
14	9	1	2
13	17	1	5
12	22	2	14

A year ago, women occupied 98 of 412 positions GS–9 and above (23.7 percent). At the close of FY 1976, they occupied 114 of 473 (24.1 percent) positions GS–9 and above. Supervisors and managers are beginning to grant promotions to the women and are beginning to recognize female potential when interviewing candidates for trainee positions.

A new EEO investigator (collateral duties) was selected and trained. Internal instructions were issued to all employees regarding the right to "Legal Representation in Discrimination Complaint Cases." The computerized statistical data base on minority group designations is continuously being reviewed and updated to eliminate delayed reports to the Civil Service Commission. In addition, internal reports on statistical comparisons were furnished to directors of bureaus and offices.

Recruitment activities were increased to attract minorities and women candidates from all sources. The coordinator for the Spanish-speaking, who also serves as a member of the Legal Recruitment Committee, visited several educational institutions in the Southwestern United States to interview potential graduates. Local recruitment efforts are supported by continuous advertising of vacancy announcements of Board job opportunities through mailings to 58 community organizational contacts.

The implementation of a formal Upward Mobility Program was finalized with the Civil Service Commission approval of a training agreement that will provide employees the maximum opportunity to qualify for a career ladder position as transportation industry analyst or industry economist. All directors of bureaus and offices have been fully informed of this training agreement and have been asked to support the Upward Mobility Program through the establishment of target positions.

The employment of blacks in the professional positions is increasing.

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During this fiscal year an increase to 15 black males and an increase to 15 black females were realized in professional/technical positions. The number of Spanish-speaking in professional positions increased with the appointment of another attorney, raising the total of Spanish surnamed professionals to six. There are three Spanish surnamed employed in clerical support positions. There are no oriental men in CAB, but oriental women now occupy three positions with the recent appointment of an oriental female economist. Efforts have been made to recruit an American Indian but to no avail.

Orientation of employees and supervisors includes all aspects of the EEO Program. Supervisors and managers continue to support the program and provide training and employee development opportunities whenever possible.

LEGISLATIVE DEVELOPMENTS

LEGISLATION ENACTED

During the fiscal year, four measures were enacted which affect the functions and activities of the CAB. The Energy Policy and Conservation Act (EPCA), Public Law 94-163, approved December 22, 1975, and the Government in the Sunshine Act, Public Law 94-409, approved September 9, 1976, establish new administrative requirements concerning energy conservation and efficiency, and open meetings, respectively. EPCA requires reports to the Congress on the Board's efforts in the area of energy conservation and efficiency and provides that the Board must include in all major regulatory actions a statement of probable impact on fuel efficiency and conservation. The Sunshine legislation basically opens up the Board's meetings to the general public.

The Airport and Airway Development Act Amendments, Public Law 94-353, approved August 8, 1975, and the Animal Welfare Act Amendments of 1976, Public Law 94-279, approved April 23, 1976, effect certain changes in the Board's air transportation responsibilities vis-a-vis other agencies of Government. Insofar as the Board is concerned, the Airport and Airways legislation requires that the Secretary of Transportation consult with the Board when preparing a revised national airport system plan for the United States. The Animal Welfare legislation coordinates under the Secretary of Agriculture the separate authority for the enforcement of adequate standards for the humane treatment of animals by air which now resides in the Board, the Department of Agriculture, and the Federal Aviation Administration.

The Board will participate in a coordinated Federal effort to insure the effective implementation of the legislation.

MATTERS PRESENTED TO THE CONGRESS

The Board's principal presentation to the Congress in 1976 was the transmission of a comprehensive program for a change in the present system of air transportation regulation. Specifically, legislation was introduced at the Board's request (S. 3536 and H.R. 14330) designed to bring about a phased and progressive transition to a system placing reli-

ance on the natural forces of the marketplace, carrier efficiency, and competition, including the entry of new carriers into the industry.

The Board also submitted testimony or comments on a wide range of legislative matters, including the economic health of the airline industry, CAB regulation of small business, the Animal Welfare Act Amendments of 1976 (S. 1941), reduced fares for senior citizens, Government in the Sunshine, and exemption authority for all-cargo airlines.

LEGISLATIVE PROPOSALS

The Civil Aeronautics Board is required by the Federal Aviation Act to include in its annual report such recommendations for additional legislation as it believes to be necessary for the discharge of its regulatory functions. The Board's legislative proposals for 1976 are encompassed in a comprehensive 17-point plan for regulatory reform.

The Board's program rests on the fundamental view that the country has relied for its economic growth on the stimulative and innovative pressures of a competitive marketplace and that there is no longer any serious need to exempt air transportation from these pressures. Numerous detailed studies of the airline industry, carried out over a period of 20 years, coupled with empirical evidence with respect to the commuter industry and intrastate airlines, support the view that greater reliance on market forces will be successful and ultimately beneficial to the traveling and shipping public. Therefore, economic regulation should be redirected so that domestic air transport is, in time, essentially governed by competitive market forces. In the long run, this will result in a more efficient, lower cost system which will successfully respond to the public's need for air travel.

The transition to a system emphasizing free-market forces should be gradual and carefully monitored. Transition plans must take into account the potential need for regulatory actions to prevent or mitigate special problems which could arise during transition and could adversely affect the traveling and shipping public or other national interests. It must be recognized that there are uncertainties and risks involved both in movement toward and in operation under a regime relying essentially on market forces, including the disruption of service and the possible failure of less efficient airlines.

The transition plan would essentially deregulate selected portions of the transportation industry (e.g., air taxis, charter air service, domestic freight transportation), eliminate the Board's mandatory jurisdiction over various intercarrier activities and return such activities to ordinary antitrust enforcement, and give the Board improved procedural tools for dealing more expeditiously with the remaining aspects of the air transportation system.

The Board's program includes the following elements:

1. Revision of Statutory Declaration of Policy

The Declaration of Policy section of the Federal Aviation Act should be amended so as to place primary reliance on the natural forces of the marketplace, carrier efficiency, and competition, including the entry of new carriers into the industry. The amendment should provide that these policy changes be implemented in a gradual and phased manner, under guidelines established by Congress.

2. Open Entry Into Charter Air Transportation

Section 401 of the Act should be amended to establish open entry into supplemental air transportation, subject to proof of fitness and ability. Entry into foreign supplemental air transportation would be subject to limitations required by foreign policy considerations.

3. Liberalization of Charter Rules

The definition of "charter" should be modified to incorporate two basic concepts: first, that a charter consists of planeload air transportation and, second, that such transportation shall be authorized to the extent consistent with the public interest, including the interest of the public in preserving needed scheduled services. The amendment would eliminate existing judicial interpretations which have hampered the Board's ability to develop a concept of charter divorced from group identity.

4. Domestic Freight Transportation

The Act should be amended to end regulation of entry and exit for domestic all-cargo carriers and to end regulation of domestic air freight rates, except that the prohibition against rates which are predatory or unduly discriminatory shall continue. Removal of entry, exit, and price controls should be gradual enough to give existing operators of all-cargo aircraft sufficient time to plan marketing and other strategies and adjust the composition of their fleets. The principal benefit of deregulation is the assurance that, over the long run, rates and service will be maintained at a level that market demand and cost conditions justify. Deregulation of domestic air freight should also result in only limited adverse impact on existing combination or all-cargo airlines.

5. Expansion of the Unregulated Zone

Congress should establish permanently an air taxi exemption for any air carrier engaging in interstate air transportation with aircraft having a maximum passenger capacity of less that 56 seats or a maximum payload capacity of 16,000 pounds if the carrier conforms to such financial

responsibility requirements as the Board may impose. The Board should also be authorized to adopt regulations increasing the size limitation when the public interest requires. This recommendation reflects the substantial growth of, and increasing contributions by, commuter air carriers and air taxi services linking small communities with the Nation's certificated air network.

6. Elimination of Mandatory Jurisdiction Over Consolidations

Section 408 should be amended to eliminate mandatory Board jurisdiction over mergers, consolidations, or acquisitions in any sector of the air carrier industry in which entry is unregulated, subject to the Board's ability to assert jurisdiction at its discretion.

7. Scheduled Authority by Charter Carriers

The legal barrier to holding both scheduled and supplemental authority should be ended, and supplemental carriers should be authorized to carry mail. The Board should have the statutory authority to approve scheduled service, or the carriage of mail, by any carrier when the public convenience and necessity require.

8. Creation of New Routes

The Board should be authorized to adopt regulations providing for limited expansion of existing domestic route systems, and limited creation of new domestic route systems by carriers demonstrating fitness, through expedited procedures which do not include a full evidentiary hearing where such expansion or entry will not impair the provision of adequate service to the public. The proposed change would empower the Board to act far more expeditiously than it can under current requirements, and at far less cost to applicants and other parties. Full evidentiary hearings would be reserved for route awards in major markets and cases involving difficult choice-of-carrier problems. The proposal would also authorize the Board to establish standards and procedures for elimination of unused authority without the requirement of an evidentiary hearing.

9. Exit From Unprofitable Markets

Any certificated air carrier should be allowed to terminate air service on 90 days' notice, subject to the Board's power on complaint or on its own initiative to suspend such termination for an additional 270 days to allow for arrangements for substitute service. The concept of free exit is a logical and necessary concomitant to a program which contemplates

primary reliance on the natural forces of the marketplace, and service should only be continued where the Board finds that service is required. Such service as is required would be provided with Federal financial support.

10. Passenger Fares

Section 1002(d) of the Act should be amended so as to limit the Board's power to fix minimum fares to cases involving discrimination, predatory prices, and fares which would preclude the provision of adequate service in the market involved. The Rule of Ratemaking should be amended to stress reliance on competition and carrier efficiency. The Board's power to establish maximum fares would be left unimpaired. Under existing law, domestic passenger fares are maintained at a level which permits the industry, as a whole, to earn a reasonable return on investment on the basis of operations conducted at a full-fare load factor of 55 percent. Since the primary emphasis of the legislative program is the injection of new, lower cost carriers into the system, it would be counterproductive to require that a new entrant charge fares based upon industry averages or be required to match fares based upon the higher costs of its competitors.

11. Mail Rates

Section 406 of the Act should be amended to provide that rates paid by the Postal Service for the transportation of mail, like all other rates, be regulated by the Board through the tariff-filing mechanism. Enactment of this proposed change would eliminate the need for lengthy and costly evidentiary hearings each time a change in the mail rate is requested.

12. Powers of the Postmaster General

The Postmaster General should be given broader authority to contract for the transportation of mail, but his authority to order specific mail schedules should be eliminated. Basically, the Postal Service should be free to arrange for any needed services at the lowest available price which will return a reasonable profit for the carrier, but should not be allowed to compel the provision of particular schedules which the carriers would not otherwise operate for economic reasons.

13. Subsidy for Small Community Service

The subsidy provisions of the Act should be reconstructed so that direct subsidy of small community routes could be authorized on the basis of services provided, without regard to the class of carrier operating the service. The present subsidy program results in costs higher

than necessary for the provision of services which, in many instances, are not geared to the needs of small communities. Final recommendations in this area have not yet been formulated.

14. Subsidy Eligibility for Trunk Airlines

Domestic trunk airlines should be excluded by statutory amendment from subsidy eligibility, as should any other carrier that has operated on a subsidy-free basis for 5 years. The trunkline industry has long since passed beyond the developmental stage and is now a fully mature industry, capable of providing needed services without Government support.

15. Antitrust Immunity

The antitrust immunity conferred by the Board should be limited to transactions specifically approved by the Board, and those necessarily flowing therefrom, rather than any activity considered to have been approved or required by the Board's order, as is the case under existing law. The Board's power to confer antitrust immunity should be discretionary so that immunity from ordinary antitrust enforcement would not be available to all intercarrier activity.

16. Procedural Expedition

The Board supports legislation which would direct it to establish, by rulemaking, procedural time limitations on hearing cases and rulemaking which would also require an explanation of the Board's inability to meet the deadlines established. Such an approach is preferable to the setting of automatic statutory deadlines which would do substantial violence to any notion of responsible regulation.

17. Exemption Powers

The Board should be allowed to exempt "any person," not merely any "air carrier," under standards which eliminate the somewhat anachronistic "undue burden" requirement. Instead, an exemption could be granted if the Board could find that the exemption is required by "special and unusual circumstances or by reason of the limited extent of the activity sought to be exempt and is otherwise consistent with the public interest."

INTERNATIONAL AIR TRANSPORTATION

ECONOMIC SITUATION

The recent years have been generally years of reduced traffic growth for the U.S. international air transportation industry, and a period of consolidation and retrenchment. However, evidence of renewed strength in traffic growth trends for the industry began to appear in late 1975, and became more apparent in 1976 as the year progressed. Both Pan American and Trans World have registered improvements in their charter and scheduled traffic levels, and in air freight volumes. The recent improvements in traffic levels have not been confined to these two carriers, but have been shared by other U.S. international air carriers and by competing foreign air carriers.

The upturn in traffic for the U.S. international air transportation industry can be attributed in important part to the modified business outlook in the United States and the improved economic climate in the world generally. Renewed strength in the buying power of the U.S. dollar against some foreign currencies and the strength of other selected foreign currencies versus the U.S. dollar have helped, in a more immediate way, to spark the traffic upturn. The financial needs of the industry—to provide successful access to capital markets and satisfy other financial requirements—remain a matter of basic concern, however. Both U.S. and foreign air carriers in their international operations have in recent years incurred operating losses totaling hundreds of millions of dollars.[1]

With respect to the U.S.-flag carriers, improvements in their traffic levels in the important North Atlantic markets and in other foreign markets can be expected to alter favorably the financial picture. Concurrently, it may be observed that the prices paid by U.S. carriers for fuel, for labor, and for the use of airports and airways in foreign countries rose sharply after October 1973. While some moderation in price increases for these and other items entering the cost structure of the carriers has taken place in recent months, the threat of unrestrained increases is very real. Strong inflationary pressures continue to exist on

[1] In 1975, the carrier members of the International Air Transport Association (IATA), including the U.S. members, experienced a combined loss of $400 million.

the economic front including the basic inputs to the air transport function.

Continued inflation and the pressing need by the U.S.-flag carriers to hold the line on costs, and to reduce them where it can be done, have not gone unrecognized. They are fully committed to the application of the management sciences and technology to improve their resource allocation and productivity. The aircraft—focal point of air transport operation—is the object of new and added emphasis to maximize its utilization, fuel economy, and reliability. The forecast for science and technology does not at the same time afford, in the foreseeable future, any major cost breakthroughs in the way of new aircraft design or other hardware items. Cost control by both our domestic and international air carriers must of necessity be sought across the total spectrum of the aviation activity.

BILATERAL RELATIONS

United Kingdom Denunciation

On June 22, 1976, the Government of the United Kingdom notified the United States of its intention to terminate the bilateral air transport agreement of 1946. The termination, in accordance with the agreement, becomes effective 1 year from the date of the notification. The United Kingdom explained its action by expressing its desire to conclude a new agreement achieving a more equitable balance of benefits.

The British note of denunciation focused central attention on the subject of capacity. It expressed the view that the capacity provisions of the agreement, embodying the so-called Bermuda principles for the regulation of capacity, were "* * * less precise than that of more recent agreements to which the benefits of experience have been applied * * *" and that the capacity provisions increasingly have presented difficulties in interpretation and implementation. Concurrently the British Government expressed its full cooperation and willingness in working with the U.S. Government in reaching a new accord.

The 1946 agreement between the United States and United Kingdom reached in Bermuda, which espoused a liberal economic philosopy, is the basis for many of the U.S. bilateral air transport agreements. Under "Bermuda" principles, each airline is free to decide the number of flights it will operate on agreed routes subject to *ex post facto* review of its operations to assure that, among other things, the airlines of both parties have a fair and equal opportunity to compete; the airlines of one country do not operate so as to affect unduly the operations of the airlines of the other country; the air services bear a close relationship to the public need for air service, and the primary objective of air services is to carry traffic to and from an airline's homeland.

Although international air transportation has been well served by the Bermuda principles, many countries, including the United Kingdom, think that these principles are no longer applicable to the 1970's. The United States Government, however, reaffirmed the Bermuda principles in its 1976 policy statement.

International Air Transportation Policy Statement

The President's International Air Transportation Policy Statement of September 8, 1976, which supersedes the one issued June 20, 1970, reiterates traditional U.S. support for free market determination of fares and capacity. The new policy statement, however, recognizes that in some cases our policies must be modified in order to reach agreements with other countries whose views differ from ours.

In its discussion of routes, the policy statement recommends that the criterion for any new U.S.-flag service be commercial viability. If there is a definite national interest in U.S.-flag services on an uneconomic route, such services should be directly subsidized by the Government. In addition, the statement notes that decisions on whether there should be more than one U.S. carrier competing in the same market should take into account the competition from foreign carriers.

The policy statement favors continued integration of the domestic and international systems. In order to promote this integration, the statement proposes that authority be granted to carry local traffic on domestic segments of international flights and that U.S. international carriers be allowed to have domestic systems to feed their international operations.

The policy favors unilateral setting of capacity and fare levels by individual carriers. The policy statement, however, recognizes the value of capacity agreements in situations where excess capacity has a serious adverse impact on the viability of services and where public interest is served by adequate scheduled service by a U.S. carrier. The statement maintains that such agreements should be temporary and that carrier agreements are preferable to government agreements. In the area of fares, the policy statement continues to accept the International Air Transport Association (IATA) as the forum for intercarrier negotiation of scheduled tariffs.

The new policy statement retains the distinction between scheduled and charter services. However, it does favor scheduled service certificates for supplementals and unrestricted charter authority for U.S. international scheduled carriers in the regions where they provide scheduled services.

Among other topics discussed were restrictive practices by foreign governments, cargo, charter regulations, charter types, agent commissions, safety, and environment.

Part 213 of the Economic Regulations

Economic Regulation 213 was approved by the President June 23, 1970, and became effective the same day. This regulation provides that the CAB can (1) order foreign carriers to file their schedules and (2) disapprove those schedules, subject to the President's approval. Part 213 enables the CAB to control the scheduled operations of foreign air carriers to the United States in situations where a foreign government restricts the scheduled operations of U.S. air carriers.

Part 213 was first used against Qantas Airways of Australia on April 29, 1971. Other airlines which have been required to file their schedules are AeroPeru, Philippine Air Lines, Aerolineas Argentinas, Ecuatoriana, VARIG, and KLM. The latest part 213 action was the order of September 13, 1976, against the five British scheduled carriers to file their schedules. This was in response to a United Kingdom order requiring Trans World Airlines and National Airlines to reduce their capacity by November 1, 1976. However, upon the United Kingdom's accepting the U.S. carriers' winter capacity levels, the President stayed phase 2 of the order.

There are now eight 213 actions outstanding which require foreign carriers to file their schedules.

Bilateral Agreements

As of June 30, 1976, there were 75 U.S. bilateral air transport agreements in force, including 15 based on an assumption of rights by countries acquiring independence from countries with which the United States has directly concluded an agreement. (Exhibit 1.) Where no agreement exists, as in the case of Argentina, the Philippines, countries of Central America, and parts of Europe, Africa, and Asia, the U.S. bilateral air transport relations are managed or regulated on the basis of unilateral grants of operating authority by each country or on the basis of reciprocity. In addition to agreements covering scheduled air services, the United States has three agreements—with Canada, Jordan, and Yugoslavia—covering charter or nonscheduled air services. There is also a charter understanding with Japan which covers the charter operations of scheduled carriers only. Three Memoranda of Understanding, with Ireland, Switzerland, and the United Kingdom, chiefly covering charterworthiness aspects of charter flights were also in effect.

Exhibit 1

U.S. Bilateral Air Transport Agreements in Force June 30, 1976

Arab Republic of Egypt	Lebanon
Australia	Liberia
Austria	Malagasy Republic[1 2]
Bahamas[1]	Malaysia
Belgium	Malta[1 2]
Bolivia	Mauritius[1 2]
Brazil	Mexico
Burma[2]	Morocco
Canada[3]	Netherlands
Chile	New Zealand
China, Republic of	Nigeria[1]
Colombia	Norway
Congo Brazzaville[1 2]	Pakistan[5]
Cuba[2]	Panama
Cyprus[1 2]	Paraguay
Czechoslovakia	Peru
Denmark	Poland
Dominican Republic	Portugal
Ecuador	Romania
Finland[2]	Sierra Leone[1 2]
France	South Africa
Gambia[1 2]	Spain
Germany	Sri Lanka[1]
Ghana[1]	Swaziland[1 2]
Greece	Sweden[2]
Guyana[1]	Switzerland
Hungary	Syria
Iceland[2]	Thailand
India	Trinidad and Tobago[1]
Indonesia	Turkey
Iran	U.S.S.R.
Ireland	United Kingdom
Israel	Uruguay
Italy	Venezuela
Jamaica	Yugoslavia[6]
Japan	Zaire
Jordan[4]	Zambia[1 2]
Korea (South)	

[1] Agreement based on assumption of rights and obligations by subject country of air transport agreement between the former motherland country and the United States.
[2] No current U.S. air carrier operations.
[3] Agreements covering both scheduled and nonscheduled services.
[4] Charter agreement only.
[5] Upon partition from India, Pakistan accepted the United States-India Agreement.
[6] Charter agreement and provisional agreement for scheduled services.

Geographic Responsibilities

The Board's responsibilities pertaining to U.S. air transport relations are administered by four units organized along geographic lines. They are:

Western Hemisphere (Area I)—Canada, Mexico, the Caribbean, the Bahamas, Central America, and South America.

Northern Europe (Area II)—Greenland, Iceland, Finland, Scandinavia, Western Europe, Eastern Europe, and the Soviet Union.

Mediterranean and Africa (Area III)—Southern Europe (Portugal, Spain, Italy, Greece, and Turkey), the Middle East, and Africa.

Pacific and Far East (Area IV)—Afghanistan, Pakistan, India, Bangladesh, East and South Asia, and Australasia.

A complete listing of countries with which the United States maintains air transport relations, and the Board Member with the assigned geographic area responsibility, are shown in exhibit 2.

Exhibit 2

Board Members' Geographic Area Responsibility

Western Hemisphere—Member Lee R. West

Argentina
*Bahamas[1]
Barbados
*Bolivia
*Brazil
*Canada
*Chile
*Colombia
Costa Rica
*Cuba[2]
*Dominican Republic
*Ecuador
El Salvador
Guatemala
*Guyana[1]
Haiti
Honduras[2]
*Jamaica
*Mexico
Nicaragua
*Panama
*Paraguay
*Peru
*Trinidad and Tobago[1]
*Uruguay
*Venezuela

Northern Europe—Vice Chairman Richard J. O'Melia

Albania[2]
*Austria
*Belgium
Bulgaria[2]
*Czechoslovakia
*Denmark
*Finland[2]
*France
Germany, Democratic Republic[2]
*Germany, Federal Republic
*Hungary
*Iceland[2]
*Ireland
*Netherlands
*Norway
*Poland
*Romania
*Sweden[2]
*Switzerland
*U.S.S.R.
*United Kingdom
Yugoslavia[4]

Mediterranean and Africa—Member G. Joseph Minetti

Algeria[2]
Angola[2]
Arab Republic of Egypt
Bahrain[2]
Benin
Botswana[2]
Burundi[2]
Cameroon
Cape Verde Islands[2]
Central African Republic[2]
Chad[2]
*Congo Brazzaville[1 2]
*Cyprus[1 2]
Equatorial Guinea[2]
Ethiopia[2]
Gabon[2]
*Gambia[1 2]
*Ghana[1]
*Greece
Guinea[2]
Guinea Bissau[2]
*Iran
Iraq
*Israel
*Italy
Ivory Coast
**Jordan[2]
Kenya
Kuwait[2]
*Lebanon
Lesotho[2]
Liberia
Libya[2]
*Malagasy Republic[1 2]
Malawi[2]
Mali[2]
*Malta[1 2]
Mauritania[2]
Mauritius[1 2]
Morocco
Mozambique[2]
Niger[2]
*Nigeria[1]
Oman[2]
*Portugal
Qater[2]
Rhodesia[2]
Rwanda[2]
Sao Tome and Principe[2]
Saudi Arabia[2]
Senegal
*Sierra Leone[1 2]
Somalia[2]
*South Africa
*Spain
Sudan[2]
*Swaziland[1 2]
*Syria
Tanzania
Togo[2]
Tunisia[2]
*Turkey
Uganda[2]
United Arab Emirates[2]
Upper Volta[2]
Yemen Arab Republic[2]
Yemen, People's Democratic Republic[2]
*Zaire
*Zambia[1 2]

See footnotes at end of table.

Pacific and Far East—Member R. Tenney Johnson ***

Afghanistan[2]	Khmer Republic[2]	Philippines
*Australia	*Korea (South)	Republic of Maldives[2]
Bangladesh[2]	Korea (North)[2]	Singapore
Bhutan[2]	Laos[2]	*Sri Lanka[1 2]
*Burma[2]	*Malaysia	*Thailand
China, People's Republic of[2]	Mongolia[2]	Tonga[2]
*China, Republic of	Nauru[2]	Viet Nam (South)[2]
Fiji	Nepal[2]	Viet Nam (North)[2]
*India	*New Zealand	Western Samoa
*Indonesia	*Pakistan[3]	
*Japan	Papua New Guinea	

*Indicates an air transport agreement between the United States and the respective country.
**Charter agreement only.
***R. Tenney Johnson became the Member for this area on March 27, 1976, after Robert D. Timm resigned.
[1] Agreement based on assumption of rights and obligations by subject country of air transport agreement between the former motherland country and the United States.
[2] No current U.S. air carrier operations.
[3] Upon partition from India, Pakistan accepted the United States-India Agreement.
[4] Charter agreement and provisional agreement for scheduled services.

Consultations and Negotiations

Western Hemisphere

Negotiations between the United States and **Brazil** resulted in an arrangement giving Pan American access to the downtown airport in Sao Paulo from Rio de Janeiro via aircraft leased from a Brazilian domestic carrier.

Negotiations between the United States and **Ecuador** resulted in a 5-year understanding supplementary to the air transport services agreement between the two countries. Ecuador also received route authority to serve Los Angeles and New York.

The United States and **Venezuela** held discussions on aviation matters of mutual interest during the fiscal year. The talks resulted in a 5-year operating plan which provides for understandings with respect to the implementation of the air transport services agreement between the two countries. Venezuela also received access to Baltimore. Venezuela is a major gateway point for traffic moving between South America and the United States in addition to its own traffic-generating quality as an important commercial and industrial center.

Two rounds of negotiations were held with the Government of **Mexico** during FY 1976. When agreement was not reached on an exchange of route authority, the air transport services agreement was extended for a 1-year period, until April 30, 1977.

Consultations were also held during the fiscal year with the Government of **Argentina.** Although an agreement was not reached, the discussions served essentially to exchange views on routes, capacity, and other matters relating to scheduled air services.

A total of 61 applications were processed during the fiscal year from foreign air carriers belonging to Western Hemisphere countries for new,

amended, or renewed operating permits. Of the total, 8 applications were from South American carriers, 18 from Central American carriers, 12 from Caribbean carriers, and 23 from Canadian carriers. The applications to the Board for permits to operate to the United States included scheduled, nonscheduled, and charter services.

Over 100 U.S. air taxi operators were also designated by the United States Government in accordance with the United States-Canada Nonscheduled Air Service Agreement to operate nonscheduled air services between the two countries.

Northern Europe

Consultations with the **Federal Republic of Germany** were held in Bonn April 26–28, 1976, concerning German trucking restrictions on air cargo operations. The talks resulted in an interim agreement through September 30, 1976, which allowed U.S. carriers to truck air cargo within Germany to or from six major cities.

Consultations with the Government of **Poland** took place in Warsaw June 14–18, 1976, culminating in a new bilateral air transport agreement. The agreement provides for continuation of service by the Polish and U.S. carriers and also a minimum sales guarantee for the U.S. carrier serving Poland.

Representatives of the Governments of the United States and the United Kingdom conducted discussions at various times during fiscal 1975 on problems relating essentially to capacity, routes, and rates. The problems were addressed mainly to the services mounted by the two countries in the important North Atlantic market, but were of no less concern to the United States in its carrier operations in the Pacific. As noted above, the British denounced the air transport agreement between the two countries on June 22, 1976.

Consultations took place with the **Soviet Union** November 17–21, 1975, April 26–30, 1976, and May 17–21, 1976, all in Washington. The meetings reconvened in Moscow June 7–12, 1976. The main problem has been the imbalance of benefits favoring the Soviet carrier. During this series of negotiations the two sides were unable to reach agreement.

A provisional United States-**Yugoslavia** agreement was accomplished through an exchange of notes dated May 14, 1976, which provides for inauguration of scheduled service by Yugoslav Airlines (JAT) and imposes a limitation on charters by the Yugoslav carrier.

Mediterranean and Africa

Consultations were held with **Italy** on three occasions to discuss capacity and revisions in the air transport agreement. Consultations with **Lebanon** in September 1975 dealt with new route authority for both sides. Discussions with **Egypt** yielded permission for Trans World to operate without fifth freedom restrictions. Negotiations with **Ghana** in November 1975 produced an *ad referendum* air transport agreement.

Consultations with **Iran** concluded in an interim agreement concern-

ing discount fares and charter matters. Negotiations with the **Ivory Coast** in March 1976 resulted in progress on an air transport agreement. Discussions with **Spain** resolved a fare problem. Negotiations with **Liberia** in June 1976 concerned the possibility of a modern air transport agreement.

Pacific and Far East

Negotiations were held in Washington with **Singapore,** September 1975, to discuss a route exchange looking toward an air transport agreement. When talks were resumed in January 1976, accord could not be reached because the United States refused to consider fifth freedom rights via Japan for Singapore.

Discussions were held in Washington with **Japan,** September 1975, on the notification procedures, pursuant to article 13 of the air transport agreement, for Government disapprovals of carrier rate filings.

Consultations were held with **Indonesia** in Washington during October 1975 to review the air transport agreement and consider U.S. route modifications. Subsequent talks were held in January 1976 to discuss capacity.

Informal meetings with **Japan** were held in February 1976 and May 1976 to discuss aviation relations between the countries. Among the matters discussed were (1) the possibility of formal talks late in 1976, (2) capacity, (3) routes, (4) methods for route valuation, (5) U.S. supplemental problems, and (6) status of U.S. rights at Okinawa.

An informal meeting was held in February 1976 with **Australia** to discuss aviation problems including Austrialia's discriminatory "user charges." Other informal meetings to discuss aviation matters were held with **Malaysia** and the **Republic of China**.

Charter

Bilateral negotiations concerning passenger air charter services were conducted with eight European countries during the fiscal year and transition quarter. The countries involved were Belgium, France, Germany, Ireland, Italy, Netherlands, Switzerland, and the United Kingdom, with the object being to reach a Memorandum of Understanding (M.O.U.) regarding the acceptance of charter traffic originating in the homeland of the other bilateral partner. Agreements were reached with only three of these countries: Ireland, Switzerland, and the United Kingdom.

Two multilateral consultations were conducted during the same period. The first, held with the members of the European Civil Aviation Conference (E.C.A.C.), preceded and discussed the arrangements to be negotiated in the aforementioned bilateral negotiations. The second involved both E.C.A.C. and Canada, and dealt with technical discussions regarding a draft Multilateral Agreement on North Atlantic Charters proposed by E.C.A.C.

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TRAFFIC DIMENSIONS

Air Carriers

U.S. scheduled carriers.—A total of 19 U.S. certificated carriers were engaged in scheduled international air services as of June 30, 1976. They collectively served 78 countries, including their possessions, and a total of 133 points. The list of 19 certificated carriers included two all-cargo or cargo-only carriers—Flying Tiger and Seaboard—engaged in scheduled international air services. (Exhibit 3.)

U.S. supplemental carriers.—Eight U.S. supplemental—or charter-only carriers—were engaged in international charter operations, as of June 30, 1976, or were authorized to do so by their certificates. The list comprises Capitol Airways, Evergreen International Airlines (formerly Johnson Flying Service), McCulloch International Airlines, Modern Air Transport, Overseas National Airways, Saturn Airways, Trans International Airlines, and World Airways. Their certificates authorize all of the supplementals to operate to and from any point in the United States, but only to and from designated countries and regions outside the United States.

U.S. commuter air carriers.—There are also a number of commuter air carriers with authority from the Board to conduct scheduled international services and air taxi operators authorized to engage in international operations, but on a nonscheduled basis.

Foreign scheduled carriers.—A total of 67 foreign carriers representing almost as many countries were engaged in scheduled air services to the United States, June 30, 1976. They served a total of 25 points in the United States and 6 points in the U.S. territories. (Exhibit 4.)

Foreign charter-only carriers.—Authority granted by the Board to operate charter flights between the United States and foreign points was outstanding for a total of 91 foreign carriers holding charter-only authority. This includes foreign charter-only carriers which received authority during fiscal 1976.

Exhibit 3

Foreign Points and Countries Served by U.S. Certificated Carriers in Scheduled Service as of June 30, 1976

Western Hemisphere

Point	Country	Carrier
North America:		
Acapulco	Mexico	AA, BN, EA, WA
Calgary	Canada	RW, WA
Edmonton	do	NW, RW, WA
Guadalajara	Mexico	RW
La Paz	do	RW
Mazatlan	do	RW
Merida	do	PA

Carrier codes at end of table.

Point	Country	Carrier
North America—Con.		
Mexico City	Mexico	AA, BN, EA, PA, TI, WA
Monterrey	do	TI
Montreal	Canada	AL, DL, EA
Old Crow	do	WC
Ottawa	do	EA
Puerto Vallarta	Mexico	RW
Tampico	do	TI
Thunder Bay	Canada	NC
Toronto	do	AA, AL, EA, NC, UA
Vancouver	do	UA, WA
Veracruz	Mexico	TI
Whitehorse	Canada	WC
Winnipeg	do	FL, NW, NC
Caribbean and Central America:		
Aruba	Netherlands Antilles (Netherlands)	AA, EA
Balboa/Panama City	Panama	BN, PA
Bridgetown	Barbados	EA, PA
Curacao	Netherlands Antilles (Netherlands)	AA, EA
Fort-de-France	Martinique (France)	EA
Freeport	Bahamas	DL, EA
Grand Cayman	Cayman Islands (U.K.)	SO
Guatemala City	Guatemala	PA
Hamilton	Bermuda (U.K.)	DL, EA, PA, AA
Kingston	Jamaica	EA, PA
Managua	Nicaragua	PA
Montego Bay	Jamaica	DL, EA, PA
Nassau	Bahamas	DL, EA, PA
Pointe-a-Pitre	Guadaloupe (France)	EA
Port-au-Prince	Haiti	AA, PA
Port-of-Spain	Trinidad & Tobago	PA
St. John's	Antigua	PA
St. Lucia	British West Indies (U.K.)	EA
St. Martin	Netherlands Antilles (Netherlands)	EA
San Jose	Costa Rica	PA
San Salvador	El Salvador	PA
Santo Domingo	Dominican Republic	PA
South America:		
Asuncion	Paraguay	BN
Barranquilla	Colombia	PA
Bogota	do	BN
Brasilia	Brazil	PA
Buenos Aires	Argentina	BN, PA
Cali	Colombia	BN
Caracas	Venezuela	DL, PA
Georgetown	Guyana	PA
Guayaquil	Ecuador	BN
La Paz	Bolivia	BN
Lima	Peru	BN
Maracaibo	Venezuela	PA, DL
Montevideo	Uruguay	PA
Quito	Ecuador	BN
Rio de Janeiro	Brazil	BN, PA
Santiago	Chile	BN
Sao Paulo	Brazil	BN, PA
	Northern Europe	
Amsterdam	Netherlands	PA, SB

Carrier codes at end of table.

Point	Country	Carrier
Belgrade	Yugoslavia	PA
Bergen/Oslo	Norway	PA
Berlin	Germany	PA
Brussels	Belgium	PA, SB
Bucharest	Romania	PA
Budapest	Hungary	PA
Copenhagen	Denmark	PA
Dublin	Ireland	TW
Dusseldorf	Germany	PA, SB
Frankfurt	do	PA,[1] SB
Geneva	Switzerland	TW, SB
Glasgow	United Kingdom	PA, SB
Hamburg	Germany	PA
London	United Kingdom	PA, SB, TW, NA
Moscow	U.S.S.R.	PA
Munich	Germany	PA, SB
Nuremberg	Germany	PA
Paris	France	SB, TW[1]
Prague	Czechoslovakia	PA
Shannon	Ireland	SB, TW
Stuttgart	Germany	PA, SB[1]
Vienna	Austria	TW[1]
Warsaw	Poland	PA
Zurich	Switzerland	SB, TW
	Mediterranean and Africa	
Mediterranean:		
Ankara	Turkey	PA
Athens	Greece	TW
Barcelona	Spain	TW
Beirut	Lebanon	PA
Damascus	Syria	PA
Istanbul	Turkey	PA
Lisbon	Portugal	PA, TW
Madrid	Spain	TW, PA
Malaga	do	TW
Milan	Italy	SB, TW
Pisa	do	SB
Rome	do	PA, TW
Santa Maria	Azores (Portugal)	TW
Teheran	Iran	PA
Tel Aviv	Israel	TW
Africa:		
Abidjan	Ivory Coast	PA
Accra	Ghana	PA
Cairo	Egypt	TW
Casablanca	Morocco	TW
Cotonou	Benin	PA
Dakar	Senegal	PA
Dar Es Salaam	Tanzania	PA
Douala	Cameroon	PA
Johannesburg	South Africa	PA
Lagos	Nigeria	PA
Libreville	Gabon	PA
Kinshasa	Zaire	PA
Monrovia	Liberia	PA
Nairobi	Kenya	PA

Carrier codes at end of table.

[1] Service temporarily reduced to one combination carrier or changed by PA/TW route exchange effective January 1975.

Pacific and Far East

Far East:		
Bali	Indonesia	PA
Bangkok	Thailand	PA
Hong Kong	United Kingdom	PA, NW, FT
Jakarta	Indonesia	PA
Kao-hsiung	China, Republic of	FT
Karachi	Pakistan	PA
Kuala Lumpur	Malaysia	PA
Manila	Philippines	PA, NW, FT
Naha	Okinawa (Japan)	NW, PA, FT
New Delhi	India	PA
Osaka	Japan	NW, PA, FT
Seoul	Korea (South)	NW, FT
Singapore	Singapore	PA
Taipei	China, Republic of	NW, PA, FT
Tokyo	Japan	NW, PA, FT
Pacific:		
Auckland	New Zealand	PA
Melbourne	Australia	PA
Nadi	Fiji	PA
Papeete	Tahiti	PA
Sydney	Australia	PA

Carrier Code (and list of U.S. scheduled carriers serving foreign points):

AA	American Airlines	NW	Northwest Orient Airlines
AL	Allegheny Airlines	PA	Pan American World Airways
AS	Alaska Airlines	RW	Airwest
BN	Braniff International Airways	SB	Seaboard World Airlines (all-cargo carrier)
DL	Delta Air Lines	SO	Southern
EA	Eastern Air Lines	TT	Texas International Airlines
FL	Frontier Airlines	TW	Trans World Airlines
FT	Flying Tiger Line (all-cargo carrier)	UA	United Air Lines
NA	National Airlines	WA	Western Air Lines
NC	North Central Airlines	WC	Wien Air Alaska

Exhibit 4

Points Served in the United States by Foreign Carriers in Scheduled Service as of June 30, 1976

City	*Foreign carrier*
Anchorage	AF, BA, JL, KL, LH, SK, SN
Boston	AC, AF, AZ, BA, IB, IN, LH, SR, TP
Chicago	AC, AF, BA, IN, JM, KL, LH, LL, MX, OA, SK, SR
Cleveland	AC
Dallas	AC, MX
Denver	MX
Detroit	AM, BA, JM
Honolulu	CI, CP, JL, KE, PR, QF, TE, VG
Houston	AC, AF, AM, KL
Kansas City	MX
Ketchikan	CD
Los Angeles	AC, AF, AM, AR, AV, BA, CI, JL, KE, LH, MX, OP, RG, SK, TE, UT, VG
Miami	AC, AF,[1] AM, AR, AV, BA, BW, DO, EU, GU, IB, JM, LA, LM, LR, MX, NI, OK, OP, PL, RG, TA, TX, UP, VA
New Orleans	GU, SH, TA
New York	AC, AF, AI, AM, AR, AT, AV, AY, AZ, BA, BW, DO, IB, IN, IR, IT, JL, JM, KL, LA, LH, LL, LM, LO, LY, OA, OK, OP, PK, RG, RK, RO, SA, SK, SN, SR, SU, TL, TP, VA, WT

See footnote at end of table.

Carrier codes at end of table.

Exhibit 4—Continued

Points Served in the United States by Foreign Carriers in Scheduled Service as of June 30, 1976—Continued

City	*Foreign carrier*
Philadelphia	AM, BA, LH
Phoenix	AM
St. Louis	MX
San Antonio	MX
San Francisco	AC, CI, CP, JL, QF, PR
Seattle	PW, SK
Spokane	DG
Tampa	AC
Tucson	AM
Washington	AF, BA, IB, SU, VA
U.S. territories	
Guam, Mariana Islands	JL, ON
Majuro, Marshall Islands	ON
Pago Pago, American Samoa	PH, TE, UT
San Juan, P.R.	AF,[1] AV, BW, DO, IB, LI, LM, MX, QQ
St. Croix, V.I.	LI
St. Thomas, V.I.	LI

[1] May be served only from a French Caribbean point.

Carrier codes:

AC	Air Canada
AF	Air France
AI	Air India
AM	Aero Mexico
AR	Aerolineas Argentinas
AT	Royal Air Maroc
AV	Avianca (Colombia)
AY	Finnair
AZ	Alitalia
BA	British Airways
BW	British West Indian Airways (BWIA)
CD	Trans-Provincial Airlines
CI	China Airlines (CAL)
CP	Canadian Pacific Air
DG	Arrow Aviation
DO	Dominicana de Aviacion
EU	Ecuatoriana (Ecuador)
GU	Aviacion (Guatemala)
IB	Iberia (Spain)
IN	Aerlinte Eirann Teoranta (Ireland)
IR	Iran Air
IT	Air Inter
JL	Japan Air Lines (JAL)
JM	Air Jamaica
KE	Korean Air Lines (KAL)
KL	K.L.M. Royal Dutch Airlines
LA	LAN (Chile)
LH	Lufthansa (Germany)
LI	Leeward Islands Air Transport (LIAT)
LL	Icelandic Airlines—Loftleidir
LM	Dutch Antillean Airlines
LO	LOT (Poland)
LR	Lacsa (Costa Rica)
LY	El Al (Israel)
MX	Mexicana
NI	Lanica (Nicaragua)
OA	Olympic Airways (Greece)
OD	Aerocondor (Colombia)
OK	Czechoslovakia Airlines (CSA)
ON	Air Nauru (Nauru)
OP	Air Panama
PH	Polynesian Airlines (Western Samoa)
PK	Pakistan International Airlines (PIA)
PL	AeroPeru
PR	Philippine Air Lines (PAL)
PW	Pacific Western (Canada)
QF	Qantas (Australia)
QQ	Aerovias Quisqueyana (Dominican Republic)
RG	Varig (Brazil)
RK	Air Afrique[1]
RO	Tarom (Romania)
SA	South African Airways
SH	SAHSA (Honduras)
SK	Scandinavian Airlines System (SAS)[2]
SN	Sabena (Belgium)
SR	Swissair
SU	Aeroflot (USSR)
TA	TACA International (El Salvador)
TE	Air New Zealand
TL	Trans-Mediterranean Airways (Lebanon)
TP	TAP (Portugal)
TX	TAN (Honduras)
UP	Bahamasair (OIA)
UT	UTA (France)
VA	Viasa (Venezuela)
VG	AIR-SIAM (Thailand)
WT	Nigerian Airways

[1] Member countries of Air Afrique: Benin, Central African Republic, Chad, Congo, Gabon, Ivory Coast, Mauritania, Niger, Senegal, Togo, and Upper Volta.
[2] Member countries of SAS: Denmark, Norway, and Sweden.

Passenger Traffic

General.—Total U.S. air passenger traffic increased from 20.8 million in 1971 to 25.8 million in 1975 or 24.3 percent. However, the number of passengers has been decreasing since 1973. From 1974 to 1975 the air passenger traffic declined 1.0 percent. These statistics include passenger arrivals and departures on scheduled and chartered flights by U.S.- and foreign-flag carriers. (Exhibit 5.)

Although U.S. citizen travel has declined since 1973, it increased 10.8 percent from 13.2 million in 1971 to 14.6 million in 1975. From 1974 to 1975, U.S. citizen traffic declined 4.5 percent. In contrast, alien passenger movements have continually increased during the 5-year period, from 7.6 million in 1971 to 11.2 million in 1975 or 47.8 percent. This faster growth rate is reflected in the steady decline of the U.S. citizen share of total air traffic, from 63.5 percent in 1971 to 56.6 percent in 1975.

Exhibit 5

Air Passenger Travel Between the United States and Other Countries by Citizenship
Calendar Years 1971–75[1]

Year	Number of passengers (000)			Percent
	U.S. citizens	Aliens	Total	U.S. citizen
1971	13,201	7,583	20,784	63.5
1972	15,807	9,213	25,020	63.2
1973	16,306	10,353	26,659	61.2
1974	15,317	10,739	26,056	58.8
1975	14,623	11,205	25,828	56.6
Percent change 1975/1971	10.8	47.8	24.3	.....

[1] Based on number of air passenger arrivals and departures at U.S. gateway points with the exclusion of travel over land borders (except Mexican air travel), military personnel, crewmen, and travelers between the United States and its possessions.

Source: "Reports of Passenger Travel Between the United States and Foreign Countries," Immigration and Naturalization Service, U.S. Department of Justice, Washington, D.C.

The U.S.-flag carrier share of total air travel has also declined in the last 5 years. It fell from 56.5 percent in 1971 to 50.1 percent in 1975. (Exhibit 6.)

Exhibit 6

Air Passenger Travel Between the United States and Other Countries by Flag of Carrier
Calendar Years 1971–75[1]

Year	Number of passengers (000)			Percent
	U.S.-flag	Foreign-flag	Total	U.S.-flag
1971	11,751	9,033	20,784	56.5
1972	13,640	11,380	25,020	54.5
1973	14,621	12,038	26,659	54.8
1974	13,854	12,202	26,056	53.2
1975	12,941	12,887	25,828	50.1
Percent change 1975/1971	10.1	42.6	24.3	.....

[1] See Exhibit 5, n. 1.

Source: Same as Exhibit 5.

Although the United States-Europe market is still the single largest air passenger market, its importance has been decreasing. The traffic in this market increased from 9.5 million in 1971 to 10.1 million in 1975 or 6.6 percent. Other international markets, however, grew at 39.1 percent from 11.3 million passengers to 15.8 million in 1975. Because of the difference in growth rates, the United States-Europe market accounted for only 39.0 percent of total air passenger travel in 1975, as compared to 45.5 percent in 1971. (Exhibit 7.)

Exhibit 7

Air Passenger Travel Between the United States and Other Countries
Calendar Years 1971-75[1]

Year	Number of passengers (000)			Percent Europe
	Europe	Other	Total	
1971	9,456	11,328	20,784	45.5
1972	11,424	13,596	25,020	45.7
1973	11,739	14,920	26,659	44.0
1974	10,324	15,732	26,056	39.6
1975	10,076	15,752	25,828	39.0
Percent change 1975/1971	6.6	39.1	24.3	

[1] See Exhibit 5, n. 1.

Source: Same as Exhibit 5.

In 1975, U.S. citizen travel accounted for 56.6 percent of all U.S. air travel, but U.S.-flag carriers accounted for only 50.1 percent of the traffic. This resulted in a negative spread of 6.5 percent. In the United States-Europe air passenger market, the U.S. carrier disadvantage increased to 16.4 percent. Excluding the United States-Europe market, U.S. carriers account for almost the same percentage of total air travel as U.S. citizens. (Exhibit 8.)

Exhibit 8

U.S.-Citizen Travel and U.S.-Flag Carrier Market Shares for Calendar Years 1971-75[1]

Area and year	Passengers (percent)		
	U.S. citizens	U.S.-flag	Spread
Between United States and rest of world:			
1971	63.5	56.5	−7.0
1972	63.2	54.5	−8.7
1973	61.2	54.8	−6.4
1974	58.8	53.2	−5.6
1975	56.6	50.1	−6.5
Between United States and Europe:			
1971	66.7	48.0	−18.7
1972	66.8	47.1	−19.7
1973	65.3	49.2	−16.1
1974	62.3	46.7	−15.6
1975	61.4	45.0	−16.4
Between United States and rest of world less Europe:			
1971	60.8	63.7	2.9
1972	60.1	60.8	.7
1973	57.9	59.3	1.4
1974	56.5	57.4	.9
1975	53.6	53.4	−.2

[1] See Exhibit 5, n. 1.

Source: Same as Exhibit 5.

The situation of U.S. air travel has improved in 1976. In the first half of 1976, air passenger travel was 5.8 percent higher than in the first 6 months of 1975. The growth in air passenger travel is even greater for the second quarter when it increased 9.9 percent. (Exhibit 9.)

Exhibit 9

Air Passenger Travel Between the United States and Other Countries
Second Quarter and First 6 Months, Calendar Years 1975–76[1]

Period	Number of passengers (000)		1976/1975 percent change
	1975	1976	
Second quarter	6,225	6,839	9.9
First 6 months	11,787	12,465	5.8

[1] See Exhibit 5, n. 1.

Source: Same as Exhibit 5.

Scheduled.—Commercial air travel between the United States and other countries (except Canada) reached 25.4 million in 1975. Scheduled traffic accounted for 22.4 million passengers or 88.0 percent of the total with charters making up the balance. During the 4-year period, scheduled travel increased 3.2 percent whereas chartered travel grew 5.0 percent. (Exhibit 10.)

Exhibit 10

Air Passenger Travel Between the United States and Other Countries by Type of Service
Calendar Years 1972–75[1]

Year	Number of passengers (000)			Percent scheduled
	Scheduled	Chartered	Total	
1972	21,681	2,920	24,601	88.1
1973	22,982	3,216	26,198	87.7
1974	22,580	3,059	25,639	88.1
1975	22,381	3,065	25,446	88.0
Percent change 1975/1972	3.2	5.0	3.4	

[1] See Exhibit 5, n. 1.

NOTE.—Discrepancies from exhibits due to reporting system. Breakdown of scheduled and chartered traffic is not available prior to 1972.

Source: Same as Exhibit 5.

The U.S. citizen share of scheduled air traffic decreased from 61.3 percent in 1972 to 55.4 percent in 1975. U.S. carrier share of the scheduled market also declined from 51.1 percent in 1972 to 46.9 percent in 1975. Whereas U.S. carrier traffic decreased 5.4 percent, foreign carrier traffic increased 12.3 percent. (Exhibit 11.)

Exhibit 11

Scheduled Air Passenger Travel Between the United States and Other Countries
Calendar Years 1972–75[1]

Year	Number of passengers (000)			Percent U.S. citizen
	Citizen	Alien	Total	
1972	13,281	8,400	21,681	61.3
1973	13,644	9,338	22,982	59.4
1974	13,011	9,569	22,580	57.6
1975	12,404	9,977	22,381	55.4
Percent change 1975/1972	−6.6	18.8	3.2	

Year	Number of passengers (000)			Percent U.S.-flag
	U.S.-flag	Foreign-flag	Total	
1972	11,087	10,594	21,681	51.1
1973	11,623	10,359	22,982	50.6
1974	11,089	11,491	22,580	49.1
1975	10,486	11,895	22,381	46.9
Percent change 1975/1972	−5.4	12.3	3.2	

[1] See Exhibit 5, n. 1.

NOTE.—Breakdown of scheduled and chartered traffic is not available prior to 1972.

Source: Same as Exhibit 5.

The United States-Europe market is still the most important in scheduled traffic. (Exhibit 12.) Its share of total passengers has decreased from 42.6 percent in 1972 to 35.9 percent in 1975. The number of passengers in the United States-Europe market has declined every year from 9.2 million in 1972 to 8.0 million in 1975 or 13.1 percent. Other markets have experienced a 15.4-percent growth rate. Although the U.S. citizens' share of the United States-Europe market has declined, it still dominates with 60 percent of the total scheduled passengers. The U.S. carriers, however, accounted for only 38 percent of the scheduled traffic in the United States-Europe market in 1975. (Exhibit 13.)

Exhibit 12

Scheduled Air Passenger Travel Between the United States and Other Countries
Calendar Years 1972–75[1]

Year	Number of passengers (000)			Percent Europe
	Europe	Other	Total	
1972	9,244	12,437	21,681	42.6
1973	9,355	13,627	22,982	40.7
1974	8,310	14,270	22,580	36.8
1975	8,034	14,347	22,381	35.9
Percent change 1975/1972	−13.1	15.4	3.2	

[1] See Exhibit 5, n. 1.

NOTE.—Breakdown of scheduled and chartered traffic is not available prior to 1972.

Source: Same as Exhibit 5.

Exhibit 13

Scheduled Air Passenger Travel Between the United States and Europe, Calendar Years 1972–75[1]

Year	Number of passengers (000)			Percent U.S. citizen
	Citizen	Alien	Total	
1972	6,042	3,202	9,244	65.4
1973	5,945	3,410	9,355	63.6
1974	5,067	3,243	8,310	61.0
1975	4,815	3,219	8,034	60.0
Percent change 1975/1972	−20.3	5.3	−13.1	

Year	Number of passengers (000)			Percent U.S.-flag
	U.S.-flag	Foreign-flag	Total	
1972	3,874	5,370	9,244	41.9
1973	3,912	5,443	9,355	41.8
1974	3,311	4,999	8,310	39.8
1975	3,050	4,984	8,034	38.0
Percent change 1975/1972	−19.0	−7.2	−13.1	

[1] See Exhibit 5, n. 1.

NOTE.—Breakdown of scheduled and chartered traffic is not available prior to 1972.

Source: Same as Exhibit 5.

Charter.—The number of charter passenger flights operated between the United States and other countries continued to decline from the 1973 peak. The number of flights operated in 1975 declined from a 1974 figure of 22,060 to 21,329, or a decrease of 3.3 percent. (Exhibit 14.) Viewed on the basis of charter flights operated by class of carrier, U.S. supplemental carrier operations declined by 23.9 percent and U.S. route carrier operations decreased by 11.5 percent, while foreign route and charter carriers increased their operations by 18.9 and 34.6 percent, respectively. U.S.-flag carriers accounted for 60.7 percent of the total number of charter flights operated in 1975, as compared to almost three-quarters of the flights operated in 1973.

Exhibit 14

International Charter Flights Operated by U.S. and Foreign Carriers, by Class of Carrier
Calendar Years 1974–75

	1974		1975		1975/1974 percent change
	Number	Percent	Number	Percent	
U.S. route	9,375	42.5	8,298	38.9	−11.5
U.S. supplemental	6,098	27.6	4,638	21.8	−23.9
Foreign route	3,019	13.7	3,589	16.8	18.9
Foreign charter	3,568	16.2	4,804	22.5	34.6
Total	22,060	100.0	21,329	100.0	−3.3

Source: CAB forms 41 and 217.

The transatlantic market was stable in 1975, maintaining a level of 2.6 million available seats, or 61.4 percent of the total U.S. interna-

tional passenger charter market. (Exhibit 15.) U.S. carriers—route and supplemental—operated only a little over two-thirds of the available seats in the transatlantic market in 1975, as compared to 72.1 percent in 1974. The two top single-country markets in the transatlantic increased their share of the overall traffic: the United Kingdom with 13.9 percent of the total seats and Germany with 12.4 percent, as compared to 12.8 and 11.1 percent, respectively, in 1974. Italy, for the first time since 1970, was the third largest single-country market, with 6.0 percent of the transatlantic total. All United States-foreign markets, including the transatlantic, produced 4.2 million seats in 1975, a decrease of 2.9 percent from the 1974 figure of 4.3 million seats.

Exhibit 15

Charter Traffic Between the United States and Foreign Countries by Number of Seats
Calendar Years 1974-75

	1974		1975		
	Number	Percent	Number	Percent	1975/1974 percent change
Transatlantic:					
United Kingdom	552,717	12.8	585,014	13.9	5.8
Germany	479,247	11.1	519,310	12.4	8.4
Italy	185,240	4.3	250,245	6.0	35.1
Spain	403,073	9.3	248,601	5.9	−38.3
France	188,060	4.4	162,999	3.9	−13.3
Switzerland	99,599	2.3	122,629	2.9	23.1
Netherlands	116,732	2.7	119,602	2.8	2.5
Belgium/Luxembourg	120,329	2.8	114,389	2.7	−4.9
Ireland	77,022	1.8	88,968	2.1	15.5
Greece	58,791	1.4	31,768	.8	−46.0
Portugal	46,491	1.1	10,588	.2	−77.2
Other	301,052	7.0	324,290	7.7	7.7
Total	2,628,353	60.8	2,578,403	61.4	−1.9
World total	4,320,053	100.0	4,195,696	100.0	−2.9

Source: CAB forms 41 and 217.

With regard to the United States-foreign markets, excluding the transatlantic, the traditional ranking of these markets changed in 1975. Due to an ever-increasing amount of Canadian-originating traffic bound to U.S. "sun spots," Canada is now the second rank of these three remaining markets. (Exhibit 16.) With 610,636 seats, or 37.8 percent of the three-market total, the United States-Canada market was the only one of the four United States-foreign markets to increase in traffic in 1975, showing a 55.7-percent increase in available seats from 1974.

Exhibit 16

U.S. International Passenger Charter Flights by Seats and Class of Carrier, Calendar Years 1974–75

	1974		1975		1975/1974 percent change
	Number	Percent	Number	Percent	
Transatlantic:					
U.S. route	672,439	25.6	731,314	28.4	8.8
U.S. supplemental	1,222,129	46.5	1,004,778	39.0	−17.8
Foreign route	362,450	13.8	412,204	16.0	13.7
Foreign charter	371,335	14.1	430,107	16.7	15.8
Total	2,628,353	100.0	2,578,403	100.0	−1.9
Transpacific:[1]					
U.S. route	201,090	49.8	28,853	11.7	−85.7
U.S. supplemental	125,499	31.1	77,649	31.5	−38.1
Foreign route	77,205	19.1	136,003	55.2	76.2
Foreign charter	.....	.....	4,087	1.7	.....
Total	403,794	100.0	246,592	100.0	−38.9
Latin American and Caribbean:					
U.S. route	655,273	73.2	572,097	75.3	−12.7
U.S. supplemental	176,827	19.7	111,040	14.6	−37.2
Foreign route	61,589	6.9	76,432	10.1	24.1
Foreign charter	2,117	.2	496	.1	−76.6
Total	895,806	100.0	760,065	100.0	−15.2
Canada:					
U.S. route	57,013	14.5	64,906	10.6	13.8
U.S. supplemental	24,678	6.3	5,852	1.0	−76.3
Foreign route	27,618	7.0	37,675	6.2	36.4
Foreign charter	282,791	72.1	502,203	82.2	77.6
Total	392,100	100.0	610,636	100.0	55.7
Total:					
U.S. route	1,585,815	36.7	1,397,170	33.3	−11.9
U.S. supplemental	1,549,133	35.9	1,199,319	28.6	−22.6
Foreign route	528,862	12.2	662,314	15.8	25.2
Foreign charter	656,243	15.2	936,893	22.3	42.8
Total	4,320,053	100.0	4,195,696	100.0	−2.9

[1] Data does not include traffic to/from U.S. Pacific possessions.

Source: CAB forms 41 and 217.

Freight Traffic

Freight has become an increasingly important factor in international air transportation. Since 1971 freight has constituted over 30 percent of the international/territorial revenue ton-miles generated by U.S. scheduled air carriers. Freight volume increased from 2.2 billion revenue ton-miles in 1971 to 2.3 billion revenue ton-miles or 36 percent of the total in 1975. (Exhibit 17.)

Freight produced $591 million or 18 percent of all revenues in 1975 for the international/territorial operations of U.S. scheduled carriers. Although freight revenues have increased 1½-fold since 1971, its share of total revenues has remained fairly stable over the 5-year period. Scheduled freight yielded eight times the revenue of charter freight. (Exhibit 18.)

Exhibit 17

U.S. Certificated Route Air Carriers—Revenue Ton-Miles in International/Territorial Operations
Calendar Years 1971–75

Year	Revenue ton-miles (millions)				Percent of total		
	Freight	Passenger	Mail, express	Total	Freight	Passenger	Mail, express
1971	2,195	3,950	619	6,764	33	58	9
1972	2,484	4,220	516	7,220	34	59	7
1973	2,307	4,390	524	7,221	32	61	7
1974	2,391	4,038	472	6,901	35	58	7
1975	2,304	3,732	427	6,463	36	58	6

Source: "Handbook of Airline Statistics," 1975 ed.; "Air Carrier Traffic Statistics," December 1974 and 1975.

Exhibit 18

U.S. Scheduled Air Carriers—Transport Revenues by Service and Traffic Class
International and Territorial Operations, 1971–75

[In thousands]

	1971	1972	1973	1974	1975
Scheduled services:					
Freight	$298,817	$342,322	$380,782	$488,397	$528,020
Express	176	267	242	301	148
Mail	124,257	109,966	108,912	117,688	121,868
Passenger	1,483,973	1,706,512	1,894,914	2,121,651	2,230,081
Excess baggage	15,672	14,459	15,231	20,965	25,476
Charter services:					
Freight	85,985	106,119	56,796	55,497	62,583
Passenger	246,579	199,426	216,917	230,832	239,072
Other transport revenues	4,216	4,179	6,638	21,243	23,404
Overall transport revenues	2,259,675	2,483,250	2,608,433	3,056,573	3,230,653

Source: "Report of Financial and Operating Statistics for Certificated Air Carriers," as submitted by U.S. certificated carriers.

In 1975 air freight carried 12 percent of the total value of goods in U.S. foreign trade. This percentage has been relatively constant over the past 5 years. During this period air freight has always been favorable to the U.S. balance of payments. (Exhibit 19.)

Exhibit 19

U.S. Foreign Trade, Value of Goods Transported by Air Versus Total, 1971–75

[Millions of dollars]

	1971	1972	1973	1974	1975
Air trade:					
Exports	6,432	7,627	10,430	13,539	14,625
Imports	4,015	5,160	6,930	8,922	8,917
Balance	2,417	2,468	3,500	4,617	5,708
Total trade:					
Exports	44,130	49,778	71,314	97,143	106,157
Imports	45,563	55,563	69,121	100,972	96,940
Balance	−1,433	−5,787	2,193	−3,829	9,217

NOTE.—Data include exports of foreign merchandise and Department of Defense export shipments.

Source: Bureau of the Census, U.S. Department of Commerce, "Statistical Abstract of the United States" and "Foreign Trade Reports."

In comparison with vessels, aircraft are used relatively more often for exports than for imports, both in terms of value and shipping weight. Excluding special category commodities, air accounts for 16 percent of the total value of shipments, but less than 1 percent of the weight. (Exhibit 20.)

Exhibit 20

Foreign Trade—Air Share of Air and Vessel Trade, Value and Shipping Weight
Calendar Years 1971–75 (percent)

	1971	1972	1973	1974	1975
Value:					
Exports:[1]					
Air (millions of dollars)	6,297	7,516	9,092	13,292	13,969
Air plus vessel (millions of dollars)	29,126	33,274	48,723	68,890	75,426
Air percentage	22	23	19	19	19
Imports:					
Air (millions of dollars)	4,015	5,159	6,930	8,922	8,917
Air plus vessel (millions of dollars)	31,051	38,825	49,532	76,087	63,513
Air percentage	13	13	14	12	14
Total:					
Air (millions of dollars)	10,312	12,675	16,022	22,214	22,886
Air plus vessel (millions of dollars)	60,177	72,099	98,255	144,977	138,939
Air percentage	17	18	16	15	16
Shipping weight:					
Exports:[1]					
Air (millions of pounds)	900	1,072	1,352	1,559	1,381
Air plus vessel (millions of pounds)	409,762	461,959	549,915	530,528	538,357
Air percentage	0.22	0.23	0.25	0.29	0.26
Imports:					
Air (millions of pounds)	823	931	1,002	1,058	1,062
Air plus vessel (millions of pounds)	624,688	702,562	876,219	894,848	855,271
Air percentage	0.13	0.12	0.11	0.12	0.12
Total:					
Air (millions of pounds)	1,723	2,003	2,354	2,617	2,443
Air plus vessel (millions of pounds)	1,034,450	1,164,521	1,426,134	1,425,376	1,393,628
Air percentage	0.17	0.17	0.17	0.18	0.18

[1] Excludes special category commodities.

Source: Bureau of the Census, U.S. Department of Commerce, "Foreign Trade Reports."

U.S. foreign air trade has grown at an average rate of 9 percent a year over the last 5 years—exports growing 4 percent faster than imports. (Exhibit 21.)

The United States-Europe air freight market is this country's leading air freight market. In 1975 it accounted for 41 percent of the total shipping weight. In second place is the United States-Asia market with 25 percent of the total market. (Exhibit 22.)

The U.S. carrier share of U.S. foreign airborne trade, based on shipping weight, declined from 41 percent in 1971 to 38 percent in 1975. This reflects the decrease in U.S. carrier participation in most major markets, especially the Asian market where it decreased from 53 percent in 1971 to 45 percent in 1975. The percentage of U.S.-flag share

decreased for both exports and imports. The participation was 10 percent higher for imports than exports in 1975. (Exhibit 23.)

Exhibit 21

U.S. Foreign Air Trade, Year-by-Year Increase in Shipping Weight, 1971-75

	1971	1972	1973	1974	1975
Exports:[1]					
Shipping weight (millions of pounds)	900	1,072	1,352	1,559	1,381
Increase from previous year (millions of pounds)		172	280	207	−178
Percent increase		19	26	15	−11
Average yearly compounded increase since 1971		9	15	15	11
Imports:					
Shipping weight (millions of pounds)	823	931	1,002	1,058	1,062
Increase from previous year (millions of pounds)		108	71	56	4
Percent increase		13	8	6	0
Average yearly compounded increase since 1971		23	17	14	7
Total:					
Shipping weight (millions of pounds)	1,723	2,003	2,354	2,617	2,443
Increase from previous year (millions of pounds)		280	351	263	−174
Percent increase		16	18	11	−7
Average yearly compounded increase since 1971		15	16	15	9

[1] Excludes special category commodities.

Source: Bureau of the Census, U.S. Department of Commerce, "Foreign Trade Reports."

Exhibit 22

Distribution of United States-Foreign Air Trade by Continent, Calendar Year 1975

Continent	Shipping weight pounds (000)	Percent distribution
Europe	998,824	40.5
Asia	616,249	25.0
North America	431,685	2.0
South America	313,659	17.5
Africa	50,143	12.7
Australia and Oceania	40,648	2.0
Unidentified	16,581	1.7
Total	2,467,789	100.0

Source: Bureau of the Census, U.S. Department of Commerce, "Foreign Trade Reports."

Exhibit 23

U.S. Carrier Share of U.S. Foreign Air Trade, Based on Shipping Weight
Calendar Years 1971-75 (percent)

	1971	1972	1973	1974	1975
North America[1]	40.9	39.4	41.4	38.1	37.1
South America	37.9	36.0	36.2	33.1	34.2
Europe	37.3	35.3	36.3	38.2	36.4
Asia	52.9	51.3	46.8	43.0	44.5
Australia and Oceania	29.2	33.2	31.2	32.1	30.0
Africa	21.8	21.5	24.3	25.3	23.4
Total	40.8	39.1	39.1	37.7	37.9
Exports	36.3	34.3	35.4	34.9	33.8
Imports	45.7	44.7	44.2	41.9	43.6

[1] Includes Central America and the Caribbean.

Source: Reports of the Bureau of the Census, U.S. Department of Commerce, "Foreign Trade Reports."

Mail

Mail plays a minor role in international air transportation. In 1975, mail made up 6 percent of the total revenue ton-miles performed by U.S. scheduled carriers in their international/territorial operations. Mail generated $122 million or 4 percent of the total international/territorial revenues of the U.S. scheduled carriers. (Exhibits 17 and 18.)

MULTILATERAL RELATIONS

The most salient development in the International Civil Aviation Organization (ICAO) during the past year was the decision by the ICAO Council to convene the first worldwide special Air Transport Conference, which will be held in Montreal in April 1977. The items selected by the Council for consideration are: (1) Tariff Enforcement; (2) Policy Concerning International Nonscheduled Air Transport; (3) Regulation of Capacity in International Air Transport Services; and (4) Machinery for the Establishment of International Transport Fares and Rates.

With respect to Tariff Enforcement, it is probable that the Conference will make recommendations that could be taken by governments, individually or collectively, to strengthen tariff enforcement. Compliance with agreed-upon and approved international air transport tariffs has been the subject of a number of ICAO Resolutions at past Assemblies; however, violations of these tariffs continue to be a vexing problem to the industry. Concerning nonscheduled air transport, the Conference will review current government regulations and practices applying to the conduct of nonscheduled services in different parts of the world. Insofar as capacity is concerned, a review of capacity clauses in existing bilateral agreements and of capacity regulation of nonscheduled services could serve as a basis for an exchange of views and possible formulation of recommendations on this subject. Lastly, there will be an examination of the existing machinery for the establishment of international fares and rates with emphasis on the responsibilities of governments, vis-a-vis users and providers.

This Conference is unique in that the Secretariat of ICAO which normally provides the bulk of the documentation for meetings will limit itself in this case to presenting working papers of a purely factual nature. The success of the Conference will, to a large extent, depend on the willingness of member states to present their views and proposals in writing. The Board is responsible for the organization and preparation of the U.S. position at this Conference.

In preparation for this Conference, the Council established a panel of experts on the machinery for the establishment of international air fares and rates. This panel met for 2 weeks in December 1976, in Mon-

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treal. The United States, along with 13 other countries provided experts for this panel.

During the year, the Secretary General of ICAO established a Study Group on Traffic Peaks at International Airports, which met the last week of October 1976 in Montreal. This was the first time that a concerted international effort has been made to delve into the problem of traffic peaking, a phenomenon which plagues every facet of transportation from the trolley car to air transport.

A representative of the Board continued to fulfill the role of alternate to the U.S. Minister/Representative on the Air Transport Committee, which meets three times annually.

OTHER ASPECTS

Foreign Visitors

As in past years, the Board was visited by a number of government aviation officials from other countries, making courtesy calls. The list for CY 1976 included Mr. Adnan A. Sadat, Director, Air Transport, Civil Aviation Department, Kingdom of Saudi Arabia, in April 1976. Lieutenant General Mao Ying-Ch'u, head of the Civil Aviation Administration of the Republic of China, visited in December 1975, followed by two additional officials of the Chinese Civil Aviation Department, in February 1976. The list of aviation officials from abroad visiting the Board also included officials of foreign air carriers. In some instances, the foreign visits served the purpose of orientation or familiarization with Board organization and operations.

ACTIONS TAKEN UNDER FCPA

In the Report to the Congress for Calendar Year 1975 on Actions Taken Under the International Air Transportation Fair Competitive Practices Act (FCPA), we indicated that all future FCPA Reports would be incorporated into the Board's Annual Reports to Congress. Since the Board's Annual Reports to Congress cover a fiscal year, we will only include in this report the period from January 1, 1976, through June 30, 1976, in order that dates coincide.

The actions taken during the first 6 months of 1976 with respect to the various countries are described in the two parts which follow. Section I deals with those actions that have been taken under section 2 of Public Law 93-623, "Discriminatory and Unfair Competitive Practices"; and section II consists of actions taken under section 3, "International User Charges."

In May, the Department of Transportation commenced the preparation of regulations for the imposition, collection, and disposition of the

compensating charges provided for in section 3 of the International Air Transportation Fair Competitive Practices Act of 1974. The proposed regulations are expected to define the responsibilities of the Secretary of Transportation in his implementation and enforcement of the provisions of the Act.

Section I

Argentina

(a) Remittances.—During the January 1976 consultations the U.S. delegation raised the issue of the freeze and procedural difficulties which U.S. airlines had experienced in 1975 in attempting to convert their earnings in Argentina into foreign exchange, and expressed its concern that no impediments be placed in the way of U.S. airlines attempting to make such remittances. The Argentines promised to convey the U.S. views to their Government and to work toward resolving the issue. Subsequently the freeze has not been reinstituted, and by the end of June 1976, although some difficulties remained, the remittance situation was much improved.

While Argentina has lifted the freeze on remittances, it continues to require proof of travel prior to approving the transfer of funds. This has necessitated an extensive computer program covering ticket usage, adding an additional administrative financial burden on U.S. carriers.

(b) Advertising.—During the January consultations the U.S. delegation also requested that U.S. airlines be permitted greater freedom to advertise the services they are able to provide. The Argentine delegation said it would consult with the appropriate Argentine authorities with a view to relaxing the pertinent restrictions on advertising.

Australia: Aviation Fuel Pricing

During the bilateral discussions with the Australians in early February (see section II), the subject of Australia's intention to set aviation fuel prices which discriminated against charter airlines was raised by the U.S. delegation. While there was no immediate change in the Australian position, at the end of April aviation fuel loaded for use in flight was exempted from export control, and thus from government price-fixing.

Brazil

(a) Fuel taxes and charter restrictions.—In January 1976 the United States submitted a note to the Brazilian Government asking that the fuel tax on supplemental airlines be removed. Scheduled carriers are exempt from such tax, regardless of whether the fuel is for scheduled or charter flights. There was no response, and in the meantime the tax rose sharply, reaching 34.9 cents a gallon on March 30. In June the U.S. Ambassador was directed to intervene personally, and by the end of the

month it appeared that the Brazilian Government was beginning to move toward lifting the tax. Since U.S. supplementals made no requests for permission to make charter flights, the related question of restrictions on such charters from U.S. gateway cities (New York, Miami, Los Angeles) was dormant during the first 6 months of 1976.

(b) Other discriminatory practices.—U.S. airlines in Brazil suffer from a wide variety of practices providing Brazilian airlines with a competitive advantage or simply imposing unnecessary costs. One U.S. airline worked through the first 6 months (1976) to provide the Department of State and its overseas posts as well as the Department of Transportation with a clear and comprehensive statement of these problems, which include such things as delays in currency transfers, more foreign currency for payment of foreign transportation-related services for those using a Brazilian airline, simpler customs procedures and export incentives for shippers on a Brazilian airline, and monopoly provision of certain aviation services. Such a statement, intended to provide the basis for diplomatic approaches, was ready in June.

(c) Prior deposit on travel.—In June 1976 Brazil imposed a prior deposit scheme on air travel by Brazilian residents. Our airlines were seriously concerned by the possible impact on their traffic, particularly if, as seemed possible, the major Brazilian airline was somehow protected. The U.S. Government promptly made its concerns known to the Brazilian Government, and the program has apparently been administered impartially.

Chile: Preference of Chilean Airlines

Our Embassy in Santiago reported in mid-March that draft legislation under consideration in the Chilean Government would, if adopted, reserve 50 or 100 percent of air cargo, depending on the circumstances, to Chilean airlines. The Department of State made sure that U.S. objections to such a proposal were made known to and understood by responsible Chilean officials. There have been no further reports concerning the proposal.

Colombia: Fuel Prices and Taxes

In June 1976 Braniff reported that contrary to past promises Colombia continued to hold up rebates of taxes paid by international airlines on aviation fuel and to provide fuel to the national airline at a lower price than that paid by others. The U.S. Embassy in Bogota was immediately asked to investigate. It reported that the rebate was moving forward through the bureaucratic mill, but that the price differential remained a problem. As June came to a close, methods to speed favorable action on both issues were under consideration.

Egypt: Remittance Problems

TWA had built up a balance of about 1 million Egyptian pounds (between $1.5 and $2.5 million, depending on the exchange rate used) and was having difficulty in transferring it into dollars at an acceptable

exchange rate. In March the U.S. Government proposed to the Egyptian Government that TWA be allowed to transfer LE400,000 at the official, more favorable rate, but the Egyptians were willing to agree to only a small proportion of that figure. In May the U.S. Government pointed to similar amounts transferred by another foreign airline, and finally, at the end of the month, it was agreed that TWA could transfer its entire balances, nearly one-third at the official rate, the balance at the market rate.

Federal Republic of Germany: Trucking Restrictions

Restrictions imposed in 1975 by the Federal Republic of Germany on the trucking of air cargo within Germany had a discriminatory effect on U.S. airlines. Following unsuccessful efforts by our Embassy in Bonn to resolve the issue, it was considered more formally during negotiations in April 1976, and an interim agreement was reached which allows U.S. airlines to truck air cargo within Germany to or from six major cities, and thus substantially removes the discrimination.

India: Discriminatory Practices

As described more fully in our previous report, U.S. airlines in India face a series of discriminatory practices and bureaucratically imposed operational difficulties similar to those in Brazil. In January, as part of its continuing effort in this area, the U.S. Embassy in New Delhi forwarded a note to the Indian Government on this subject, concentrating particularly on discrimination in the availability of foreign exchange. In February the Bank of India agreed that Pan American, the U.S. airline presently serving India, could transfer half of its earnings before audit by the bank, resulting in a significant savings to Pan American over the earlier system of 100-percent preaudit. In March the various practices complained of were brought before the U.S.-India Economic and Commercial Subcommission to underline the seriousness with which the United States views them. Then in May the Indian Government finally granted Pan American a foreign exchange dealer's license after years of delay.

Indonesia: Commissions for Local Indonesian Airline

The problem of commissions to an Indonesia airline as a condition for conducting cargo charters (described more fully in our previous report) appeared dormant during early 1976, but in May a new example came to our attention. As of June 30 instructions to the U.S. Embassy in Jakarta were in preparation.

Iran: No-Objection Fee for Charters

By an exchange of notes dated April 28, 1976, the ad referendum agreement, which provided, inter alia, that each country would favorably consider applications for charter flights without requiring the payment of a no-objection fee, was extended to December 31, 1976. U.S. carriers do not seem to have encountered any problems to date.

Italy

(a) Prior deposit requirement.—An Italian decree of early May required foreign transportation companies to make non-interest-bearing deposits equal to 50 percent of their conversions of lira into foreign currency, while in effect exempting Italian companies from the same provisions. Our Embassy objected and was assured that this result had been unintended and would shortly be corrected. An amending decree, issued June 14, exempted passenger revenues but not cargo revenues. The Embassy immediately remonstrated with the Italian authorities, but as of June 30 the remaining problem had not yet been resolved.

(b) Charter flights at Rome.—The U.S. Government's note in May on discrimination at Rome's airports (see section II) also objected to the Italian practice of insisting that foreign airline charters use less desirable Ciampino Airport while Italian charters are allowed to use Fiumicino, Rome's principal airport. When the matter was raised in negotiations held a few days after the note was delivered, the Italians said they had not yet had time to study the matter, and as of June 30 they had still not responded.

Japan: Charter Restrictions

The Japanese Government has set a predetermined limit on the annual volume of charter flights operated by U.S. supplemental carriers. The U.S. Government has never formally accepted this restriction on the operating rights of U.S. air carriers. We have requested that Japan treat U.S. scheduled and supplemental carriers equally when allocating slots at Japanese international airports, as is the policy of the U.S. Government. This issue was discussed during the May United States-Japanese negotiations, but the problem has not been resolved. The subject will again be raised by the United States in forthcoming consultations.

Philippines: Preference for Philippine Airlines

A Philippine decree of late February 1976 provided that a wide variety of air cargo carried between the Philippines and other countries would have to travel on Philippine airlines. After full consideration of the probable practical effect of this decree and the most effective way of avoiding harm to U.S. airlines, the Embassy in Manila protested in April, arguing that the Philippine rules should at most be no more restrictive than our own. As June drew to a close it appeared that an improved decree would soon be issued, although the Philippine Government had made no final decision.

Poland: Ticketing and Currency Problems

Pan American has encountered an unfavorable competitive position vis-a-vis LOT, the Polish airline, because of currency and ticketing restrictions imposed by Poland. In the spring of 1976, after repeated U.S. Government representations, it was agreed that LOT would guarantee

to make $4.5 million worth of sales for Pan American. This will accomplish a rough balance of benefits.

U.S.S.R.: Ticketing and Currency Problems

Pan American has been placed in an unfavorable competitive position vis-a-vis Aeroflot, the Soviet airline, because of currency and ticketing restrictions imposed by the Soviet Union. An attempt to work out a remedy during the United States-U.S.S.R. civil aviation negotiations in May 1976 was unproductive, and as of the end of June, the Department of State and the Civil Aeronautics Board were exploring measures to remedy the balance in favor of Aeroflot.

Venezuela: Cargo Restrictions and Fuel Pricing

Both issues were discussed with the Venezuelans during bilateral talks which concluded in April 1976. The Venezuelans assured the United States that air cargo transportation would be governed by the bilateral agreement, not by the Venezuelan decree which provides that 50 percent of all freight must be transported to or from Venezuela by Venezuelan air carriers. Regarding fuel pricing, the Venezuelans stated that there would be no price discrimination in the sale of aviation fuel.

Section II

Argentina: Ground Handling

During the January 1976 bilateral air transport consultations with Argentina, the U.S. delegation objected to the ground handling monopoly granted to an affiliate of Aerolineas Argentinas, and asked that U.S. airlines be allowed to perform their own ground handling. The Argentine delegation rejected this request, saying it would be inconsistent with Argentine regulations and undesirable from the standpoint of efficient airport management. The subject will be raised again in the next round of consultations.

Australia: Airport and Airway User Charges

The Australian user charge system was found to be discriminatory by Secretary Coleman because the charge to international airlines for the use of airport and airway property was fixed without regard to the extent to which a particular international flight actually used the property.

Pursuant to Secretary Coleman's findings, user charge discussions were held in Melbourne during February 1976. At that time the Australians said they would consider replacing the fixed flight factor in the user charge formula for international flights with a figure adjusted according to the distance flown in Australian airspace. By the end of June it appeared that such a scheme would be announced soon. This would help U.S. airlines, which in general fly shorter-than-average distances in Australian airspace.

In February 1976, the Australians announced a 15-percent increase in

user charges retroactive to December 1, 1975, and in May they announced a further 15-percent increase effective December 1, 1976. Since earlier figures showed that international airlines were already paying very nearly 100 percent of the costs attributable to them, the Department of Transportation will be watching closely to see if a finding of excessive charges is required.

During the February discussions the Australians attempted to demonstrate, contrary to earlier indications, that the allocations of costs related to terminal rents at Sydney and Melbourne Airports are not unfair to the international airlines. Pan American disagreed and filed a separate lawsuit, as well as participating in a joint air carriers suit in the Australian courts to protest a sixfold increase in rent. Pan American's rent has risen from AU$46,491 to AU$250,958 annually. This controversy remains to be settled.

Canada: Overflight Charges

As indicated in the 1975 report three U.S. carriers have filed suit in the Federal Court of Canada against payment of the user charges assessed on all international carriers for use of certain Canadian airways facilities. The Department of Transportation continues to keep this matter under consideration.

Colombia: Overflight Protection Charge

In response to inquiries from our Embassy in Bogota, the Colombian authorities in May 1976 provided information intended to justify the present level of this charge. In 1973 the Government of Colombia adopted a 10-year plan for installing a complete air navigational system to meet all requirements through 1983. All costs were to be recovered through user charges. Colombia decided that overflight service fees should total 10 percent of all user fees. While the United States objects to Colombia's use of a weight factor in relation to navigation charges, as of June 30, 1976, the Secretary of Transportation has made no finding under the Act because the information available to date does not justify one.

Greece: Discriminatory User Charges

After our Embassy in Athens had, at the request of the Department of Transportation, investigated in January 1976 and confirmed that Olympic Airways is exempt from airport and airways charges, discussions were held in March by a U.S. fact-finding commission (including Department of Transportation's representatives) with the Greek authorities. The latter explained that Olympic pays in kind in the form of services to the Greek Government. In May the Embassy, acting on instructions from Washington, requested detailed information on the total of the charges from which Olympic was exempt during 1975 and the value of the services rendered during the same period. No information was received before June 30.

Italy: Landing Fees and Monopoly Ground Handling

Secretary Coleman's finding of discrimination mentioned in our previous report was based on the fact that while foreign airlines, including U.S. airlines, are required to make use of the ground handling services of the Societa Aeroporti di Roma (SAR), Alitalia is allowed to provide many of its own services, thereby avoiding payment of several of the fees U.S. airlines pay.

As noted previously, by law Alitalia was exempted from payment of landing fees until 1974 when SAR took over operation of the Rome airports. Alitalia has refused to pay landing fees at Rome, although foreign airlines do, and SAR filed suit in 1975 to force payment retroactively.

Both problems were raised during bilateral negotiations with the Italians in February 1976. Their response was that the ground handling monopoly was not intended to be discriminatory and that the law regarding landing fees did not exempt Alitalia.

In May, Secretary Coleman announced, as a finding under the Act, that the continuing failure of the Italian Government to assess and collect airport user charges from Alitalia while collecting them from U.S. airlines constituted unequal treatment, and that therefore the charges against U.S. carriers were discriminatory. (Appendix A contains the full text of the Secretary's letter.)

Later the same month the U.S. Embassy in Rome presented a formal note to the Italian Government setting forth the U.S. position and asking what action the Italians intended to take to rectify the situation. These questions were then discussed in preliminary fashion a few days later during another round of bilateral negotiations. The Italian position was: (1) the ground handling monopoly is a contractual matter which should be resolved by litigation. If SAR's services were unsatisfactory, arrangements could be made for airlines to use other agents (despite U.S. reminder that SAR had to consent to the other arrangements); and (2) there was no discrimination in Italian law concerning landing fees and the lawsuit would go against Alitalia, who would be required to pay retroactively.

The Department of State informed the Italians that the United States was not prepared to await the outcome of SAR's lawsuit against Alitalia.

As of June 30, we were awaiting a formal, written reply to our May note. A new Italian law, passed in May, offered some hope, depending on how it was interpreted, that Alitalia would have to start paying landing fees in August.

Japan: Noise Levy

Diplomatic efforts to make Japan's noise levy less objectionable continued during the first 6 months of 1976. Detailed written communications were presented to the Japanese in January and May, and the subject was also raised in talks held in February and May. The apparent

cross-subsidization of airports and the inappropriateness of weight as a criterion for a noise charge were particularly stressed, but so far there has been no perceptible shift in the Japanese position.

One reason for this inflexibility may be the suit, mentioned in our previous report, which 28 international airlines have brought in Tokyo District Court against the levy.

While diplomatic efforts will continue, the Department of Transportation contemplates no action under the Act pending the court decision.

Mexico: Air Navigation Charges

After receiving expressions of concern from U.S. airlines regarding prospective increases in Mexico's air navigation charges, the Department of State asked the Embassy in Mexico to look into the matter. The Embassy assured that appropriate Mexican officials were aware of our concern and pointed out in reply to the Department that U.S. airlines are represented on the board of the organization that imposes such charges. No further assistance in this matter has been requested.

Singapore: Ground Handling

Our Embassy in Singapore reported in late March that the Government of Singapore was proceeding with the establishment of a ground handling monopoly to operate all passenger and baggage handling facilities to be given to a subsidiary of Singapore Airlines. In early April the U.S. Government objected to such monopolies and urged the Government of Singapore to adopt the practice the International Civil Aviation Organization (ICAO) recommended in its proposed Annex 9 to the Chicago Convention. This question is to be raised again during our next aviation negotiation with Singapore.

United Kingdom: Discriminatory Charging Practices

In December 1975, the British Airports Authority (BAA) announced a new charging system which eliminated the destination factor and changed the "three tiers" [1] to five zones of origin in the determination of landing fees. The Department of Transportation calculated that U.S. airlines would realize a significant savings from this new system. It also represents a concession on the part of the United Kingdom. However, the new system is still not cost related and results in disparate charges, such as flights from Miami having to pay considerably more than similar flights from New York or Washington. On the premise that revenues collected from passengers and cargo aboard aircraft are greater on long-haul flights and that consequently such flights should pay higher

[1] The three tiers were: domestic services, European services, and intercontinental flights. Domestic flights paid the least; European services paid about twice as much as domestic services for landing the same aircraft; and intercontinental services paid twice as much again. Under the five zones of origin the three tiers were replaced with one domestic zone and four international zones as follows: up to 500 miles; 500 to 2,000 miles; over 4,000 miles away is still four times the charge for domestic flights.

charges, the British nevertheless continue in the belief that their charging system is not discriminatory.

Secretary Coleman also cited terminal air navigation charges assessed by the Civil Aviation Authority in his finding of discrimination by the British, and these too were discussed at the November 1975 talks that led up to the December change in landing fees. The British argued that these charges are consonant with the provisions of the Chicago Convention, to which both nations were parties. There was some discussion during the talks of a change in the terminal air navigation charges, but it became clear during the first 6 months of 1976 that the British had no change to suggest.

In June Secretary Coleman took the opportunity of a visit to the United Kingdom to emphasize the importance the United States attaches to the matter of fair treatment of U.S. international air carriers by requesting that the U.S. Embassy in London forward a copy of the Civil Aeronautics Board 1975 report to Congress on Actions Taken Under the International Air Transportation Fair Competitive Practices Act of 1974 to Edmund Dell, Secretary of State for Trade, for his personal review and possible comment.

United States agencies are exploring further measures to remedy this situation.

Venezuela: Air Navigation User Charges

Following the late-1975 approach by the U.S. Embassy in Caracas, noted in the previous report, the Venezuelan Government on January 6 announced a revised table of air navigation radio air services charges that cut the previous level approximately in half. The savings to U.S. airlines is estimated at about $600,000 per year.

The Venezuelan charges are still the highest in South America, so the subject was raised during consultations held in Washington March 29–April 1, 1976. The Venezuelans asserted that their charges are below the world average, but the United States offered data indicating that the Venezuelan charges were high in comparison to rates in other countries in similar circumstances. The Venezuelans further advised that VIASA, the national carrier, had paid all navigation charges retroactively and is currently being billed at the same rate as other airlines. In May the U.S. Embassy presented a note asking the Venezuelan Government to reduce the charges further or provide cost justification for the present level. The issue has yet to be resolved.

APPENDIX A

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590
MAY 3, 1976

Honorable John E. Robson
Chairman
Civil Aeronautics Board
Washington, D.C. 20428

Dear Mr. Chairman:

Pursuant to Section 3 of the International Air Transportation Fair Competitive Practices Act of 1974, Public Law 93-623, I hereby notify you and the Secretary of State, that I have determined that certain charges imposed by the aeronautical authorities of Italy for use of Italian airport property at Rome are discriminatory. My determination is based on an examination of the situation at the Rome airports, with respect to the non-payment of landing fees by the Italian state-owned airline, Alitalia.

For a number of years, Alitalia had enjoyed an official exemption from payment of landing fees at the Rome airports. Foreign air carriers and their respective governments which objected to the exemption were subsequently informed that this arrangement would terminate in mid-1974 when responsibility for operation of the Rome airport was transferred to the newly created Rome Airports Authority (Societa Aeroporti di Roma—SAR). Despite the inference that Alitalia's payment of Rome airport use fees would commence with termination of this exemption, Alitalia's response to this development has been simply to refuse to pay the assessed fee. This action has resulted in SAR's bringing suit against Alitalia for retroactive payment of airport user charges. Pending resolution of this suit, Alitalia has neither paid airport use fees of $2.7 million incurred during the period July 1 through December 31, 1974, nor is currently paying these fees.

In view of this circumstance, I have determined that the continuing failure of the Government of Italy to assess and collect airport use charges from Alitalia at Rome while assessing and collecting them from U.S. air carriers engaged in similar international operations constitutes a failure to charge Alitalia. The charges to U.S. air carriers therefore are discriminatory within the meaning of Section 3 of the Act.

In light of the foregoing, I request that the Department of State, in collaboration with representatives of the CAB, promptly undertake negotiations with the Government of Italy, as required by Section 3 of the Act, with a view towards securing elimination of this discriminatory practice. Should such negotiations fail to eliminate this practice, it is my tentative conclusion that compensatory charges should be imposed by the Secretary of the Treasury on Italian flag carriers in the amount of $485 for each U.S. flag B-747 and DC-10 aircraft and $210 for each U.S. flag B-707 and DC-8 landed at Rome airports subject to these discriminatory charges, such amount to be collected in accordance with the provisions of the Act.

Sincerely,

[S]WILLIAM T. COLEMAN, JR.

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TABLES

Table 1.—INDICATORS OF GROWTH IN TRAFFIC AND OPERATIONS OF

Item	1966	1967	1968	1969
A. Traffic in scheduled service of certificated route air carriers:				
1. Overall revenue ton-miles (000)	10,685,926	13,036,284	15,249,312	16,898,186
Percent change from base year	0	22	43	58
2. Cargo revenue ton-miles (freight and express) (000)	2,149,096	2,449,991	2,910,033	3,355,791
Percent change from base year	0	14	35	56
3. U.S. mail ton-miles (000)	751,847	976,126	1,257,051	1,334,535
Percent change from base year	0	30	67	78
4. Total revenue passenger-miles (000)	79,889,250	98,746,641	113,958,321	125,414,212
Percent change from base year	0	24	43	56
5. First-class revenue passenger-miles (000)	19,241,347	20,905,909	22,627,247	23,483,018
Percent change from base year	0	9	18	22
6. Coach revenue passenger-miles (000)	60,647,903	77,840,732	91,331,074	101,931,074
Percent change from base year	0	28	51	68
B. Traffic in nonscheduled service of certificated route air carriers:				
7. Overall revenue ton-miles (000)	1,754,984	2,648,005	2,865,022	3,091,192
Percent change from base year	0	51	63	76
8. Passenger revenue ton-miles (000)	841,616	1,363,231	1,661,355	1,798,856
Percent change from base year	0	62	97	114
9. Freight revenue ton-miles (000)	899,290	1,086,541	961,829	1,086,802
Percent change from base year	0	21	7	21
10. Revenue passenger-miles (000)	8,523,530	13,031,879	16,079,047	17,427,615
Percent change from base year	0	53	89	104
C. Traffic of supplemental and large irregular carriers:				
11. Overall revenue ton-miles (000)[2]	834,616	1,038,235	1,335,103	1,584,740
Percent change from base year	0	24	60	90
12. Cargo revenue ton-miles (000)	425,093	442,064	446,453	469,651
Percent change from base year	0	4	5	10
13. Revenue passenger-miles (000)	4,125,445	5,997,150	8,886,498	11,150,888
Percent change from base year	0	45	115	170
D. Scope of service offered by certificated route air carriers:				
14. Stations served (at June 30)[3]	682	685	682	682
Percent change from base year	0	([10])	.....	.....
15. Unduplicated route mileage operated (average over fourth quarter)	269,075	278,703	289,226	343,600
Percent change from base year	0	4	7	28

See footnotes at end of table.

THE AIR CARRIER INDUSTRY, CALENDAR YEARS 1966–1975

1970	1971	1972	1973	1974	1975
18,166,793	18,685,307	20,746,377	22,241,875	22,425,070	22,185,545
70	75	94	108	110	108
3,514,171	3,795,283	4,304,874	4,837,226	4,970,919	4,795,308
64	77	100	125	131	123
1,470,176	1,313,376	1,190,198	1,197,974	1,150,832	1,097,297
96	75	58	59	53	46
131,719,194	135,657,702	152,406,702	161,957,307	162,917,241	162,810,057
65	70	91	103	104	104
22,592,948	22,007,064	24,840,378	26,445,436	28,175,970	25,947,562
17	14	29	37	46	35
109,144,245	113,650,634	127,565,903	135,511,871	134,741,268	136,862,502
80	87	110	123	122	126
2,019,836	2,220,658	2,058,659	1,685,782	1,474,969	1,346,765
15	27	17	−4	−16	−23
1,668,117	1,376,117	1,160,987	1,239,588	1,113,317	1,051,367
98	64	38	47	32	25
347,884	841,975	893,526	446,051	361,396	294,875
39	−6	−1	−50	−60	−67
16,427,615	13,647,567	11,608,985	12,395,070	11,132,566	10,513,699
93	60	36	45	31	23
1,419,859	1,558,601	1,461,783	1,582,479	1,453,132	1,238,493
70	87	75	90	74	48
391,441	501,237	456,815	403,518	366,887	362,565
−8	18	7	−5	−14	−15
10,284,177	10,573,646	10,049,683	11,789,623	10,862,449	8,759,279
149	156	144	186	158	112
638	662	N/A	N/A	N/A	N/A
−6	−3	N/A	N/A	N/A	N/A
344,013	385,216	N/A	N/A	N/A	N/A
28	43	N/A	N/A	N/A	N/A

Table 1.—INDICATORS OF GROWTH IN TRAFFIC AND OPERATIONS OF

Item	1966	1967	1968	1969
16. Duplicated route mileage certificated (at June 30)	642,256	674,666	687,046	685,056
Percent change from base year	0	5	7	7
17. Aircraft departures in scheduled service	4,373,597	4,946,105	5,348,089	5,379,125
Percent change from base year	0	13	22	23
E. Provision for service by the certificated route air carriers:				
18. Total available seat-miles in scheduled service (000)	137,844,531	174,818,524	216,445,750	250,845,906
Percent change from base year	0	27	57	82
19. Total assets (at December 31) (000)	7,310,369	9,344,104	10,996,112	12,021,464
Percent change from base year	0	28	50	64
20. Total capital invested (average over the year) (000)[4]	4,182,922	5,505,788	6,744,406	7,523,291
Percent change from base year	0	32	62	80
21. Investment in flight equipment (at December 31) (000)[5]	3,990,330	5,195,101	6,475,386	6,918,329
Percent change from base year	0	30	62	73
22. Number of aircraft in service[6]	2,082	2,266	2,406	2,610
Percent change from base year	0	9	16	25
23. Number of certificated route carriers	49	46	38	39
Percent change from base year		−6	−22	−20
24. Number of airline employees	243,693	274,533	294,192	305,492
Percent change from base year	0	13	21	25
F. Financial and operational data of certificated route air carriers:				
25. Total operating revenues (including service mail pay and subsidy) (000)	$4,745,038	$6,864,726	$7,761,773	$8,792,317
Percent change from base year	0	45	64	85
26. Net income (after taxes and special items) (000)	$427,633	$415,388	$209,952	$52,752
27. Federal subsidy accruing (fiscal year data) (000)[7]	$69,970	$63,355	$50,278	$46,955
Percent change from base year	0	−9	−28	−33
28. Federal subsidy accruing as percent of total operating revenues (June)	1.3	1.0	0.8	0.5
Percent change from base year[7]	0	−23	−38	−62
29. All income and other taxes paid (domestic) (000)[8]	$379,189	$360,878	$307,720	$296,111
Percent change from base year	0	−5	−19	−22
30. Airmail revenues of the Post Office Department (fiscal year data) (000)[9]	$372,151	$439,232	$586,676	$485,487
Percent change from base year	0	18	58	30
31. Overall revenue ton-miles in scheduled service per airline employee	43,850	47,485	51,835	55,315
Percent change from base year	0	8	18	26

[1] Five of the trunk carriers suspended all operations during the period July 8, 1966, through Aug. 19, 1966, because of strike.

[2] Includes passenger-mile conversion on 200-pound-per-passenger basis.

[3] Figures do not include Alaska stations.

[4] Average (arithmetic mean) of five quarterly balances of stockholder equity, long-term debt, and advances from associated companies representing investment. From 1964 excludes unamortized discount and expense on debt. 1966 to present excludes equipment-purchase deposits. Operating investment (1970) includes assets, as reported, which are recognized for ratemaking purposes adjusted (1) to exclude portions thereof provided by capital sources not recognized for ratemaking and (2) to conform depreciated flight equipment with regulatory depreciation bases. For more detailed statement of methods, see Press Release CAB 72-189. "Average Investment" data heretofore presented have been discontinued to facilitate more timely release of this publication.

1970	1971	1972	1973	1974	1975
837,565	860,500	N/A	N/A	N/A	N/A
30	34	N/A	N/A	N/A	N/A
5,101,462	4,998,934	5,046,438	5,134,577	4,725,783	4,704,052
17	14	15	17	8	8
264,903,858	279,823,351	287,418,092	310,597,107	297,004,332	303,006,243
92	103	109	125	115	120
12,910,758	12,997,813	13,634,937	14,463,639	15,200,190	15,065,686
77	78	87	98	108	106
8,068,952	N/A	N/A	N/A	N/A	N/A
93	N/A	N/A	N/A	N/A	N/A
7,462,630	7,310,967	7,665,887	8,217,132	8,446,062	8,480,291
87	83	92	106	112	113
2,564	2,534	2,519	2,492	2,412	2,434
23	22	21	20	16	17
39	37	38	35	34	35
−20	−24	−22	−29	−31	−29
299,875	291,809	301,593	311,819	307,437	202,515
23	20	24	28	26	20
$9,289,618	$10,045,577	$11,163,271	$12,418,777	14,702,563	$14,355,921
96	112	135	162	210	203
$ −200,480	$28,006	$214,850	$221,863	$321,641	$ −84,204
$39,180	$60,148	$67,234	$64,572	$72,995	$72,826
−44	−14	−4	−8	4	4
0.4	0.6	0.6	0.5	0.5	0.4
−69	−54	−54	−62	−62	−69
$154,625	$251,362	$363,371	$468,206	$308,221	N/A
−59	−34	−4	23	−19	N/A
$485,700	$501,000	$558,200	$564,900	$627,900	630,100
31	35	50	52	69	69
60,581	64,033	68,789	71,329	72,942	75,844
38	46	57	63	66	73

Similar data for most certificated route air carriers are now presented in the Board's "Interim Financial Report" issued quarterly.

[5] After deduction of reserves for depreciation and airworthiness.

[6] Data are from CAA (FAA 1959), *U.S. Civil Air Carrier Fleet* and CAB forms 41. Data beginning with 1966 are at December 31.

[7] Figures are estimates by the Local Service Division of CAB's Bureau of Economics for 1972 and prior years. Data for 1973 through latest year reflect actual payments received.

[8] Not including, of course, passenger excise taxes merely collected and forwarded by the carriers.

[9] Data from U.S. Post Office Department's Revenue and Cost Analysis publication. Includes priority mail.

[10] Less than 0.5 percent.

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Table 2.—CARGO RATINGS—U.S. SYSTEM TRUNKS AND SYSTEM ALL-CARGO CARRIERS (SCHEDULED SERVICE) FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carriers[1]	Cargo[2] ton-miles		
	Amount (000)	Percent change	Market share (percent)
Passenger/cargo:			
Pan American	862,156	4.0	17.5
United[3]	552,667	−6.6	11.2
American	509,358	6.9	10.3
Trans World	471,051	1.8	9.6
Northwest[3]	456,639	46.8	9.3
Continental[1]	246,255	31.3	5.0
Eastern	203,033	−2.1	4.1
Delta	187,332	13.9	3.8
Western	99,406	31.8	2.0
Braniff[3]	88,176	3.8	1.8
National[3]	40,841	4.7	0.8
All-cargo:			
Flying Tiger	772,478	17.6	15.7
Seaboard	346,891	−13.9	7.0
Airlift[3]	92,637	−19.0	1.9
Total all carriers	4,928,920	7.1	100.0

[1] Air Micronesia reports no traffic data. Data included with Continental.

[2] Comprises freight and express.

[3] The following carriers were affected by strikes: Airlift was on strike Nov. 14, 1975, through Mar. 23, 1976; Braniff, Sept. 21, 1974; National, July 15, 1974, through Nov. 6, 1974, and Sept. 1, 1975, through Jan. 17, 1976; Northwest, Aug. 4, 1975, through Aug. 11, 1975; United, Dec. 6, 1975, through Dec. 22, 1975.

Source: "Air Carrier Traffic Statistics."

Table 3.—AIR FREIGHT TRAFFIC STATISTICS, SYSTEM, DOMESTIC, AND INTERNATIONAL TRUNKS, LOCAL SERVICE, AND ALL-CARGO CARRIERS, SCHEDULED SERVICES[1 2 3]

12 Months Ended June 1976 and Change From Corresponding Period of Previous Year

[In thousands]

Carriers	12 months ended June 1976			Percent change, 1976 over 1975		
	Freight	Mail	Total	Freight	Mail	Total
System trunks:						
American	509,358	110,369	619,727	6.9	1.4	5.8
Braniff	88,176	37,304	125,480	3.8	5.0	4.1
Continental	246,255	26,586	272,841	31.3	12.2	29.2
Delta	187,332	74,298	261,630	13.9	16.9	14.7
Eastern	203,033	63,132	266,165	−2.2	8.2	0.1
National	40,841	10,152	50,993	4.7	−5.3	2.6
Northwest	456,639	96,382	553,021	46.8	(4)	35.7
Pan American	862,156	214,446	1,076,602	4.0	3.5	3.9
Trans World	471,051	139,041	610,092	1.8	−12.7	−1.9
United	552,667	140,176	692,843	−6.6	−13.8	−8.2
Western	99,406	24,965	124,371	31.8	12.9	27.5
Total	3,716,914	936,851	4,653,765	8.4	−1.2	6.3
Domestic trunks:						
American	433,275	104,556	537,831	1.9	−0.3	1.4
Braniff	64,394	30,508	94,902	8.2	8.8	8.4
Continental	243,289	25,591	268,880	32.4	12.7	30.2
Delta	181,008	73,829	254,837	14.1	16.9	14.9
Eastern	114,098	55,079	169,177	−21.5	6.0	−14.3
National	37,287	9,994	47,281	6.1	−5.3	3.5
Northwest	272,223	55,554	327,777	25.0	0.2	20.0
Pan American	61,128	20,824	81,952	14.2	12.3	13.7
Trans World	284,993	88,226	373,219	7.8	11.4	8.6
United	552,667	140,176	692,843	−6.6	−13.8	−8.2
Western	94,994	24,653	119,647	33.8	13.0	28.9
Total	2,339,356	628,990	2,968,346	6.0	1.6	5.1
International trunks:						
American	76,083	5,813	81,896	48.3	46.8	48.2
Braniff	23,782	6,796	30,578	−6.5	−9.2	−7.1
Continental	2,966	995	3,961	−21.1	0.8	−16.5
Delta	6,324	469	6,793	7.8	19.3	8.5
Eastern	88,935	8,053	96,988	43.1	26.7	41.6
National	3,554	158	3,712	−7.9	−0.6	−7.6
Northwest	184,416	40,828	225,244	97.9	−0.4	67.9
Pan American	801,028	193,622	994,650	3.3	2.6	3.2
Trans World	186,058	50,815	236,873	−6.3	−36.5	−15.0
Western	4,412	312	4,724	−0.9	7.6	−0.3
Total	1,377,558	307,861	1,685,419	12.6	−6.5	8.5
All-cargo system:						
Airlift	92,637	1,043	93,681	−19.0	−9.8	−18.9
Flying Tiger	772,478	72,877	845,356	17.6	−33.6	10.3
Seaboard	346,891	43,221	390,113	−13.9	20.1	−11.1
Total	1,212,006	117,141	1,329,150	3.2	−20.3	0.6
All-cargo domestic:						
Airlift	64,052	983	65,036	−16.5	−1.3	−16.3
Flying Tiger	361,771	11,286	373,057	3.6	−46.8	0.7
Seaboard						
Total	425,823	12,269	438,093	(4)	−44.7	−2.2
All-cargo international:						
Airlift	28,585	60	28,645	−24.1	−62.5	−24.3
Flying Tiger	410,707	61,591	472,299	33.6	−30.5	19.2
Seaboard	346,891	43,221	390,113	−13.9	20.1	−11.1
Total	786,183	104,872	891,057	5.1	−15.9	2.1

See footnotes at end of table.

Table 3.—AIR FREIGHT TRAFFIC STATISTICS, SYSTEM, DOMESTIC, AND INTERNATIONAL TRUNKS, LOCAL SERVICE, AND ALL-CARGO CARRIERS, SCHEDULED SERVICES—Continued

12 Months Ended June 1976 and Change From Corresponding Period of Previous Year

[In thousands]

Carriers	12 months ended June 1976			Percent change, 1976 over 1975		
	Freight	Mail	Total	Freight	Mail	Total
Local service:						
Air New England	72	39	111	157.1	116.7	141.3
Allegheny	20,537	13,013	33,550	−3.0	−3.3	−3.1
Frontier	10,718	4,805	15,523	8.0	8.1	8.0
Hughes Airwest	5,908	2,736	8,644	−0.9	12.7	3.1
North Central	9,099	3,703	12,802	7.3	23.3	11.5
Ozark	6,997	3,049	10,046	3.2	3.0	3.2
Piedmont	6,286	2,828	9,114	−1.3	−2.8	−1.8
Southern	5,641	2,311	7,952	15.7	10.3	14.1
Texas International	4,866	1,525	6,391	51.4	73.1	56.0
Total	70,124	34,009	104,133	5.0	5.6	5.2

AIR FREIGHT FINANCIAL STATISTICS, SYSTEM, DOMESTIC, AND INTERNATIONAL TRUNKS, LOCAL SERVICE, AND ALL-CARGO CARRIERS, SCHEDULED SERVICES

12 Months Ended June 1976 and Change From Corresponding Period of Previous Year

[In thousands]

Carriers	12 months ended June 1976			Percent change, 1976 over 1975		
	Freight	Mail	Total	Freight	Mail	Total
System trunks:						
American	149,314	26,044	175,358	18.1	1.1	15.3
Braniff	34,011	12,379	46,390	14.0	−2.9	8.9
Continental	42,014	7,244	49,258	13.3	9.6	12.7
Delta	79,592	21,036	100,628	20.5	8.9	17.8
Eastern	64,507	18,143	82,650	5.7	8.2	6.3
National	12,625	2,593	15,218	1.3	−18.6	−2.8
Northwest	105,683	22,858	128,541	39.7	−8.2	27.8
Pan American	251,602	62,492	314,094	9.7	−1.7	7.2
Trans World	136,943	36,765	173,708	8.5	−15.7	2.3
United	150,519	32,925	183,444	0.4	−15.5	−2.9
Western	26,613	6,882	33,495	17.3	16.7	17.2
Total	1,053,422	249,361	1,302,783	12.5	−4.6	8.7
Domestic trunks:						
American	130,594	24,567	155,161	16.0	−0.8	13.0
Braniff	25,539	9,212	34,751	22.6	6.5	17.9
Continental	40,326	6,634	46,960	14.6	13.9	13.9
Delta	77,528	20,917	98,445	21.5	18.5	18.5
Eastern	47,301	15,914	63,215	−3.6	−1.3	−1.3
National	11,380	2,532	13,912	2.8	−1.8	−1.8
Northwest	64,765	13,671	78,436	25.3	19.6	19.6
Pan American	15,011	5,789	20,800	13.3	16.5	14.1
Trans World	85,430	21,374	106,804	16.4	7.5	14.5
United	150,519	32,925	183,444	0.4	−15.5	−2.9
Western	24,930	6,803	31,733	15.8	16.5	15.9
Total	673,323	160,337	833,660	11.8	(4)	9.3

See footnotes at end of table.

Table 3.—AIR FREIGHT FINANCIAL STATISTICS, SYSTEM, DOMESTIC, AND INTERNATIONAL TRUNKS, LOCAL SERVICE, AND ALL-CARGO CARRIERS, SCHEDULED SERVICES—Continued

12 Months Ended June 1976 and Change From Corresponding Period of Previous Year

[In thousands]

Carriers	12 months ended June 1976			Percent change, 1976 over 1975		
	Freight	Mail	Total	Freight	Mail	Total
International trunks:						
American	18,720	1,477	20,197	35.3	45.8	36.0
Braniff	8,471	3,167	11,638	−6.0	−22.8	−11.3
Continental	1,688	610	2,298	−11.5	5.2	−7.6
Delta	2,062	119	2,181	−7.9	28.0	−6.5
Eastern	17,206	2,229	19,435	43.9	27.0	41.8
National	1,245	61	1,306	−10.7	−29.1	−11.8
Northwest	40,918	9,187	50,105	70.9	−16.6	43.3
Pan American	236,591	56,703	293,294	9.5	−3.2	6.8
Trans World	51,513	15,392	66,905	−2.6	−35.1	−12.6
Western	1,683	78	1,761	45.5	39.3	45.2
Total	380,099	89,024	469,123	13.7	−11.9	7.7
All-cargo system:						
Airlift	19,836	170	20,006	16.4	−17.1	−16.4
Flying Tiger	176,751	16,544	193,295	26.4	−30.8	18.1
Seaboard	71,280	9,690	80,970	−11.7	13.8	−9.3
Total	267,868	26,403	294,271	9.7	−19.0	6.3
All-cargo domestic:						
Airlift	13,713	152	13,865	−13.5	−12.6	13.5
Flying Tiger	79,735	2,411	82,146	20.1	−32.7	17.4
Seaboard						
Total	93,448	2,563	96,011	13.7	−31.8	11.7
All-cargo international:						
Airlift	6,122	18	6,140	−22.3	−40.0	−22.4
Flying Tiger	97,017	14,134	111,151	32.1	−30.4	18.6
Seaboard	71,280	9,690	80,970	−11.7	13.8	−9.3
Total	174,419	23,841	198,260	7.6	−17.4	3.8
Local service:						
Air New England	287	69	356	108.0	102.9	107.0
Allegheny	18,930	5,672	24,602	16.0	−5.6	10.2
Frontier	7,651	1,950	9,601	24.4	4.8	19.8
Hughes Airwest	5,154	1,253	6,407	12.7	24.1	14.7
North Central	9,643	2,177	11,820	22.0	10.1	19.6
Ozark	7,018	1,752	8,770	14.9	−2.6	10.9
Piedmont	6,523	1,536	8,059	13.8	−5.4	9.6
Southern	4,895	1,103	5,998	16.5	6.1	14.5
Texas International	4,042	727	4,769	72.0	49.9	68.2
Total	64,141	16,238	80,379	19.9	2.5	16.0

[1] Includes freight and express.
[2] See Tables 2 and 4 for additional cargo information.
[3] See Table 2 for strike information.
[4] Less than 0.05 percent.

Sources: "Air Carrier Financial Statistics" and "Air Carrier Traffic Statistics."

Table 4.—AIR CARGO REVENUES, AS A PERCENT OF TOTAL OPERATING REVENUES FOR THE YEAR ENDED JUNE 30, 1976[1]

	Total operating revenue (000)	Total cargo [2] revenue (000)	Percent cargo revenue of total revenue
Domestic trunk:			
American	$1,715,953	$130,594	7.6
Braniff	489,006	25,539	5.2
Continental	551,104	40,326	7.3
Delta	1,508,846	77,528	5.1
Eastern	1,448,113	47,301	3.3
National	320,181	11,380	3.6
Northwest	644,366	64,765	10.1
Pan American	126,933	15,011	11.8
TWA	1,320,504	85,430	6.5
United	2,351,954	150,519	6.4
Western	524,464	24,930	4.8
International trunk:			
American	227,954	18,720	8.2
Braniff	141,217	8,471	6.0
Continental	11,768	1,688	14.3
Delta	34,043	2,062	6.1
Eastern	296,266	17,206	5.8
National	18,474	1,245	6.7
Northwest	240,679	40,918	17.0
Pan American	1,564,021	236,591	15.1
TWA	597,860	51,513	8.6
Western	39,489	1,683	4.3
All-cargo (system):			
Airlift	33,950	19,836	58.4
Flying Tiger	234,486	176,751	75.4
Seaboard	109,427	71,280	65.1
Total	14,551,060	1,321,287	9.1

[1] Scheduled freight and express.

NOTE.—Strike notices are located at end of Table 2.

Source: "Air Carrier Financial Statistics."

Table 5.—COMPARATIVE SELECTED FINANCIAL DATA FOR DOMESTIC TRUNKS FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carriers	Total operating revenues		Total operating expenses		Operating profit [1]		Final net income [2] [5]		Corporate rates of return, investment tax credits excluded [3] [5]	
	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	1976	1975
United	$2,351,954	4.3	$2,379,310	9.0	−$27,356	(4)	−$27,273	(4)	0.76	5.60
American	1,715,953	8.6	1,707,689	6.7	8,264	(4)	10,194	(4)	3.61	0.89
Delta	1,508,846	11.4	1,395,234	10.5	113,612	24.2	70,819	51.8	11.28	9.79
Eastern	1,448,113	10.1	1,411,847	12.6	36,266	−40.8	−7,874	(4)	3.65	6.26
Trans World	1,320,504	11.5	1,364,861	10.9	−44,357	(4)	−42,690	(4)	1.63	−1.05
Northwest	644,366	10.8	587,831	8.5	56,535	41.5	35,331	10.7	7.90	7.70
Continental	551,104	14.5	518,291	17.9	32,813	−20.8	−9,336	(4)	4.06	7.38
Western	524,464	15.6	508,053	15.5	16,412	20.6	9,740	−43.5	7.37	10.63
Braniff	489,006	13.1	453,274	15.4	35,732	−10.3	18,163	4.0	10.99	12.12
National	320,181	−2.9	312,714	0.5	7,467	−60.2	4,733	−47.9	4.90	6.98
Pan American [5]	126,933	18.9	135,494	3.1	−8,561	(4)	−1,963	(4)	3.78	−15.58
Total	11,001,426	9.2	10,774,600	10.1	226,826	−20.5	59,844	−32.8	4.35	5.28

[1] Before income taxes.

[2] After income taxes and special items.

[3] Final net income after taxes and special items plus interest expense excluding capitalized interest as a percent of total investment (long-term debt plus stockholder equity).

[4] Percent changes shown only when both values are positive.

[5] Pan Am reported a net gain of $83 million in the June 1976 quarter reflecting the difference in face value of certain issues of debentures for new convertible debentures. The rate of return information has been adjusted to exclude the impact of this event and smaller items recorded in a previous quarter. Had these items been included, the rate of return for domestic trunks would have been 4.7 percent.

Source: "Air Carrier Financial Statistics" and CAB forms 41.

NOTE.—Totals may or may not add due to rounding.

Table 6.—COMPARATIVE SELECTED TRAFFIC STATISTICS FOR DOMESTIC TRUNKS FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR (SCHEDULED SERVICE)

Carrier	Revenue passenger-miles			Passenger enplanements			Load factors (percent)	
	1976 (000)	Percent change	Market share (percent)	1976 (000)	Percent change	Market share (percent)	1976	1975
United	27,419,912	3.1	21.7	30,250	2.1	19.6	58.2	56.1
American	19,418,265	8.2	15.4	19,929	6.1	12.9	58.4	54.1
Delta	17,208,468	11.3	13.6	27,638	8.6	17.9	58.1	54.1
Eastern	15,584,624	10.7	12.3	25,552	8.6	16.5	58.8	56.2
Trans World	15,314,874	12.7	12.1	14,654	11.0	9.5	56.2	50.3
Northwest	7,468,122	10.7	5.9	8,400	6.0	5.4	46.1	42.0
Western	6,947,324	16.1	5.5	8,152	11.6	5.3	60.5	58.4
Continental	6,645,978	16.0	5.3	7,401	12.5	4.8	56.5	51.7
Braniff	5,314,098	13.0	4.2	8,042	7.5	5.2	51.7	48.1
National	3,268,194	−20.0	2.6	3,722	−9.8	2.4	48.2	48.6
Pan American	1,855,471	17.8	1.5	764	15.6	0.5	56.1	48.8
Total	126,445,330	9.1	100.0	154,504	6.8	100.0	56.6	53.0

NOTE.—Strike notices are located at end of Table 2.

Source: "Air Carrier Traffic Statistics."

Table 7.—COMPARATIVE SELECTED FINANCIAL DATA FOR SYSTEM ALL-CARGO CARRIERS FOR THE YEARS ENDED JUNE 30, 1976 AND 1975

Carrier	Total operating revenues (000)			Total operating expenses (000)			Operating profit (000)		Net income (000) [1]	
	1976	1975	Percent change	1976	1975	Percent change	1976	1975	1976	1975
Flying Tiger	$234,486	$197,667	18.6	$224,173	$199,124	12.6	$10,313	−$1,458	$15,323	$3,160
Seaboard	109,427	111,358	−1.7	116,358	113,688	2.3	−6,931	−2,331	−5,578	5,027
Airlift	33,950	45,530	−25.4	37,876	46,186	−18.0	−3,927	−657	−4,000	−610
Total	377,864	354,554	6.6	378,408	358,999	5.4	−544	−4,445	5,745	7,576

[1] After income taxes and special items.

NOTES.—Strike notices are located at end of Table 2.
Totals may or may not add due to rounding.

Source: "Air Carrier Financial Statistics."

Table 8.—COMPARATIVE SELECTED TRAFFIC STATISTICS FOR LOCAL SERVICE CARRIERS FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR (SCHEDULED SERVICE)

Carrier	Revenue passenger-miles			Passengers enplaned			Load factors (percent)	
	Number (000)	Percent change	Market share (percent)	Number (000)	Percent change	Market share (percent)	1976	1975
Allegheny	3,415,173	4.7	29.3	10,700	3.3	29.0	54.5	50.4
Hughes	1,571,340	9.5	13.5	4,148	7.9	11.2	54.1	52.3
Frontier	1,566,590	12.5	13.5	3,972	9.9	10.8	57.5	53.1
Piedmont	1,114,334	6.0	9.6	3,751	3.6	10.2	51.5	48.5
North Central	1,081,921	8.8	9.3	4,766	8.6	12.9	48.6	46.9
Ozark	1,032,163	17.8	8.9	3,577	11.4	9.7	50.9	47.6
Southern	931,208	14.4	8.0	3,154	10.8	8.5	52.0	49.7
Texas International[1]	874,337	68.5	7.5	2,418	59.3	6.6	51.4	48.0
Air New England[2]	54,337	155.8	0.5	414	165.4	1.2	48.4	43.6
Total	11,641,403	12.3	100.0	36,900	10.0	100.0	53.1	50.0

[1] Carrier on strike beginning Dec. 5, 1974, through Apr. 13, 1975.
[2] Air New England, Inc., inaugurated service as a certificated carrier Jan. 24, 1975.

NOTE: Totals may or may not add due to rounding.
Source: "Air Carrier Traffic Statistics."

Table 9.—COMPARATIVE SELECTED FINANCIAL DATA FOR THE INTERNATIONAL TRUNKS FOR THE YEAR ENDED JUNE 30, 1976

Table 9.—COMPARATIVE SELECTED FINANCIAL DATA FOR THE INTERNATIONAL TRUNKS FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carrier	Total operating revenue		Total operating expense		Operating profit[1]		Final net income[2]		Corporate rates of return, investment tax credits excluded[3] [4]	
	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	Amount (000)	Percent change	1976	1975
Air Micronesia							$−3	([5])	([6])	([6])
American	$227,954	37.1	$212,745	36.9	$15,209	40.1	11,320	49.1	11.40	10.63
Braniff	141,217	2.6	135,615	8.9	5,602	−57.1	981	−86.6	2.96	9.08
Continental	11,768	5.2	12,254	7.4	−486	([5])	−474	([5])	([6])	−1.38
Delta	34,043	−5.3	30,047	−7.2	3,997	11.6	2,045	−20.4	14.00	16.06
Eastern	296,266	9.5	296,662	7.2	−396	([5])	−7,809	([5])	2.04	1.10
National	18,474	−7.4	16,875	13.9	1,599	−68.8	297	−86.9	7.07	20.96
Northwest	240,679	16.6	233,203	23.1	7,476	−56.1	5,270	−73.9	4.54	12.27
Pan American total[3]	1,564,021	3.2	1,593,320	0.4	−29,299	([5])	53,188	([5])	2.25	3.08
Atlantic	804,590	5.7	820,775	2.2	−16,185	([5])	26,776	([5])	2.23	−4.14
Latin	318,016	−13.6	328,245	−18.3	−10,229	([5])	8,953	([5])	1.04	−8.17
Pacific	441,415	14.2	444,300	16.1	−2,885	([5])	17,459	([5])	3.18	3.94
Trans World total	597,860	1.7	577,384	−5.6	20,476	([5])	27,534	([5])	8.42	−3.13
Atlantic	597,860	7.6	577,384	1.6	20,476	([5])	15,349	([5])	8.42	−1.59
Pacific[7]		([6])		([6])		([6])		([6])		−23.27
Nontransport							12,185	58.3		
Western	39,489	7.5	38,139	10.8	1,350	−41.4	630	−45.8	7.18	10.10
Total	3,171,771	6.1	3,146,244	3.5	25,526	([5])	92,978	([5])	4.33	.31

[1] Before income taxes and special items.

[2] After special items and income taxes.

[3] Pan American reported a net gain of $83 million in the June 1976 quarter reflecting the difference in face value in the exchange of certain issues of debentures for new convertible debentures. The rate of return has been adjusted to exclude the impact of this event and a smaller item recorded in a previous quarter. Had these items been included the rate of return would have been 7.9 percent.

[4] Final net income after taxes and special items plus interest expense excluding capitalized interest as a percent of total investment (long-term debt plus stockholder equity).

[5] Percent changes shown only when both values are positive.

[6] Computations not made due to nonavailability of comparative data, and/or smallness of base.

[7] TWA terminated its Pacific operations Mar. 2, 1975.

NOTES.—Totals may or may not add due to rounding.

Strike notices are located at end of Table 2.

Source: "Air Carrier Financial Statistics."

Table 10.—COMPARATIVE SELECTED TRAFFIC STATISTICS FOR INTERNATIONAL TRUNKS FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR (SCHEDULED SERVICE)

Carrier[1]	Revenue passenger-miles			Passenger enplanements			Load factor (percent)	
	Number (000)	Percent change	Market share percent	Number (000)	Percent change	Market share percent	1976	1975
Pan American total	13,726,583	1.5	42.2	6,477	−9.0	38.6	49.7	46.5
Atlantic	6,528,424	0.8	20.1	3,713	−4.8	22.1	54.8	48.9
Latin	2,662,994	−25.2	8.2	1,527	−32.2	9.1	51.7	47.5
Pacific	4,535,165	30.2	13.9	1,237	28.7	7.4	43.0	41.9
Trans World	6,781,566	5.2	20.8	1,959	5.7	11.7	56.5	52.1
Eastern	3,815,444	6.3	11.7	3,685	3.8	22.0	55.8	56.0
Northwest[2]	2,638,951	9.4	8.1	950	17.3	5.7	49.4	50.1
American	2,870,774	26.0	8.8	1,949	30.9	11.6	62.0	59.9
Braniff[2]	1,342,005	1.0	4.1	792	2.1	4.7	46.7	48.8
Western	588,260	6.7	1.8	376	7.1	2.2	59.2	62.0
Delta	412,779	−9.0	1.3	358	−4.5	2.1	53.5	50.6
National[2]	273,436	0.2	0.8	62	.....	0.4	55.5	55.0
Continental[3]	87,290	3.6	0.3	160	−9.1	1.0	54.8	53.9
Total	32,537,088	3.9	100.0	16,768	0.4	100.0	52.7	50.2

[1] Air Micronesia reports no traffic data. See n. 2.

[2] Carriers on strike: Braniff—Sept. 21, 1974, to Sept. 22, 1974; National—July 15, 1974, to Nov. 7, 1974, and Sept. 1, 1975, to Jan. 21, 1976; Northwest—Aug. 4, 1975, to Aug. 12, 1975.

[3] Includes data for Air Micronesia.

NOTE.—Totals may or may not add due to rounding.

Source: "Air Carrier Traffic Statistics."

Table 11.—COMPARATIVE SELECTED FINANCIAL DATA FOR LOCAL SERVICE CARRIERS FOR THE YEAR ENDED JUNE 30, 1976, AND CHANGE FROM CORRESPONDING PERIOD OF PREVIOUS YEAR

Carrier	Total operating revenues[1]		Total operating expenses		1976 operating profit[1]	Net income[2]		Corporate rates of return[3] (investment tax credits excluded)	
	Amount (000)	Percent change	Amount (000)	Percent change		Amount (000)	Percent change	1976	1975
Allegheny	$406,856	10.2	$392,524	6.3	$14,332	$2,039	(4)	6.73	0.86
Hughes	184,838	16.0	188,451	13.6	−3,613	5,167	(4)	6.16	2.02
Frontier	169,966	14.2	167,567	12.6	2,399	7,512	6.4	12.37	13.02
North Central	165,176	16.5	167,957	17.3	−2,781	7,134	57.7	11.27	9.04
Ozark	140,966	21.9	140,447	17.2	519	3,715	(5)	10.11	6.07
Piedmont	136,005	8.0	137,649	8.0	−1,644	2,018	9.2	7.72	7.83
Southern	124,902	19.3	125,090	14.0	−188	4,572	(4)	16.36	6.36
Texas International[6]	101,958	46.3	108,233	42.2	−6,275	−962	(4)	3.64	−4.32
Air New England[7]	11,743	249.3	16,266	152.5	−4,523	−846	(4)	−5.00	−36.67
Total	1,442,415	16.4	1,444,185	14.0	−1,770	30,349	(4)	8.46	4.48

[1] Before subsidy and income taxes.

[2] After special items and income taxes—includes subsidy.

[3] Final net income after taxes and special items plus interest expense (excluding capitalized interest) as a percent of total investment (long-term debt plus stockholder equity).

[4] Percent changes are shown only when both values are positive.

[5] Greater than 999.9 percent.

[6] Carrier affected by strike Dec. 5, 1974, through Mar. 12, 1975.

[7] Air New England, Inc., inaugurated service as a certificated carrier Jan. 24, 1975.

NOTE.—Totals may or may not add due to rounding.

Source: Carrier reports on CAB forms 41 and "Air Carrier Financial Statistics."

Table 12.—SUPPLEMENTAL AIR CARRIERS, COMPARISON OF OPERATING REVENUE, OPERATING PROFIT, ASSETS, AND NET WORTH, 1976 AND 1975

[In thousands of dollars]

Carrier	Total operating revenues		Operating profit or loss		Total assets		Net worth[1]	
	1976	1975	1976	1975	1976	1975	1976	1975
Capitol	$44,570	$46,283	$−1,526	$415	$28,079	$30,522	$11,170	$8,563
Evergreen[2]	3,462	4,168	−247	−274	2,503	3,055	155	−84
McCulloch	8,784	5,580	−816	−574	2,138	1,724	−65	1,296
Modern[3]	1,359	12,987	−1,364	−2,698	347	6,425	−15,663	−4,890
Overseas National	96,652	83,881	−8,622	1,644	76,773	72,371	26,463	29,231
Saturn	61,413	68,892	11,185	7,089	60,532	75,072	39,459	31,024
Trans International	121,449	113,148	12,231	11,045	146,495	178,185	39,281	37,430
World	81,045	91,126	−5,237	−345	141,716	148,219	103,178	98,153
Total	418,734	426,065	5,604	16,302	458,583	515,573	203,978	200,723

[1] Stockholder equity.

[2] Johnson Flying Service changed its name to Evergreen International effective Oct. 1, 1975. All data is presented as Evergreen.

[3] Modern Air Transport suspended service in third quarter of 1975 due to strike. Subsequently, carrier has voluntarily agreed to suspend services pending the resolution of approval of purchase agreement now before the Civil Aeronautics Board.

NOTES.—Minus sign denotes an operating loss or negative net worth. Totals may or may not add due to rounding.

Source: Carrier reports on CAB forms 41.

Table 13.—PASSENGER-FARE, FREIGHT-RATE, AND U.S. MAIL YIELDS FOR SCHEDULED SERVICE, YEARS ENDED JUNE 30, 1971–76

[Average yield per passenger-mile by carrier group (cents)]

Year	Domestic trunk operations	Local service[1]	Intra-Alaska carriers	Intra-Hawaii carriers	International and territorial[2]
1971	5.88	8.55	12.08	11.36	5.05
1972	6.16	8.87	11.82	11.26	5.02
1973	6.25	9.02	8.33	11.15	5.09
1974	6.73	9.58	9.55	11.80	5.71
1975	7.44	10.52	10.30	12.67	6.96
1976	7.44	11.59	10.66	13.58	7.09

[Passenger-fare yields by type of fare (in cents per passenger-mile)]

Year	Domestic trunks		International trunks	
	First-class	Coach	First-class	Coach
1971	7..83	5.58	8.04	4.70
1972	8.30	5.87	8.31	4.71
1973	8.47	5.95	8.71	4.75
1974	9.00	6.43	9.71	5.36
1975	9.85	7.15	11.65	6.56
1976	10.49	7.16	12.14	6.69

[Average freight yield per ton-mile for all commodities by carrier group (cents)][3]

Year	Domestic trunk operations	Domestic all-cargo carriers	Local service carriers[1]	Intra-Alaska carriers	Intra-Hawaii carriers	International trunk operations[4]
1971	22.70	15.30	54.43	55.14	71.04	19.68
1972	22.67	16.39	55.28	57.63	62.54	19.40
1973	23.14	16.31	57.90	43.12	58.62	19.73
1974	24.52	17.57	62.97	50.23	61.01	21.33
1975	27.30	19.32	80.04	56.34	81.46	25.18
1976	28.78	21.95	95.70	66.57	85.08	25.63
			Index (1971 = 100)			
1971	100.0	100.0	100.0	100.0	100.0	100.0
1972	99.9	107.1	101.6	104.5	88.0	98.6
1973	101.9	106.6	106.4	78.2	82.5	100.3
1974	108.0	114.8	115.7	91.1	85.9	108.4
1975	120.3	126.3	147.1	102.2	114.7	127.9
1976	126.8	143.5	175.8	120.7	119.8	130.2

[Average U.S. mail revenue yield per U.S. mail ton-mile by carrier group (cents)]

1971	21.37	20.52	40.34	102.32	28.15	18.24
1972	21.95	19.33	38.38	109.59	29.31	20.27
1973	21.98	17.08	34.67	86.16	46.42	19.41
1974	28.14	17.85	50.08	92.31	41.58	20.78
1975	25.90	16.97	49.20	94.73	40.93	27.65
1976	25.49	20.89	48.52	100.62	45.41	26.08
			Index (1971 = 100)			
1971	100.0	100.0	100.0	100.0	100.0	100.0
1972	102.7	94.2	95.1	107.1	104.1	111.1
1973	102.9	83.2	85.9	84.2	164.9	106.4
1974	131.7	87.0	124.1	90.2	147.7	113.9
1975	121.2	82.7	122.0	92.6	145.4	151.6
1976	119.3	101.8	120.3	98.3	161.3	143.0

[1] Includes data for helicopters and "other carriers."
[2] Excludes all-cargo carriers.
[3] Freight and express.
[4] Includes international all-cargo carriers.

Source: "Air Carrier Financial Statistics" and "Air Carrier Traffic Statistics."

Table 14.—TRAFFIC TRENDS BY CARRIER GROUP, YEARS ENDED JUNE 30, 1971-76

Item and year	Certificated route air carriers (scheduled service)						
	Domestic trunks	Local service, helicopter and other carriers[1]	Intra-Alaska carriers	Intra-Hawaiian carriers	All-cargo carriers (system)	International trunks	Supplementals
Revenue passenger-miles (000):							
1971	95,786,283	7,934,713	118,374	375,006		28,444,657	10,668,315
1972	103,117,970	8,575,543	127,344	449,526		31,969,080	10,006,396
1973	112,020,802	9,464,977	523,855	563,061		35,358,125	10,732,352
1974	118,186,582	10,600,752	548,489	635,473		35,011,689	11,923,491
1975	115,917,448	10,390,702	750,730	643,986		31,319,714	9,411,446
1976	126,445,330	11,235,121	915,683	684,186		32,537,088	8,319,547
Revenue passenger-miles—coach (000):							
1971	82,971,291	2,107,513				25,421,180	
1972	90,678,734	1,376,228				29,236,730	
1973	98,714,028	452,342	359,889			32,390,338	
1974	104,492,491	55,341	370,480			32,170,997	
1975	103,377,605		489,516			28,884,583	
1976	114,682,963		599,905			30,183,324	
Coach revenue passenger-miles as percent of total revenue passenger-miles:							
1971	86.6	26.6				89.4	
1972	87.9	16.0				91.5	
1973	88.1	4.8	68.7			91.6	
1974	88.4	0.5	67.5			91.9	
1975	89.2		65.2			92.2	
1976	90.7	65.5	65.5			92.8	

Revenue ton-miles (000):							
1971	12,032,263	888,606	25,144	41,764	868,801	4,239,722	1,494,471
1972	13,054,819	961,281	26,566	50,225	1,011,482	4,718,265	1,553,313
1973	14,093,545	1,057,237	80,966	62,202	1,220,681	5,080,023	1,477,047
1974	14,813,264	1,175,833	86,042	70,205	1,401,942	5,170,766	1,600,020
1975	14,416,920	1,138,198	115,493	71,305	1,321,004	4,685,211	1,304,336
1976	15,612,902	1,223,430	130,259	75,984	1,329,150	4,939,134	1,220,240
Cargo ton-miles (000): [2]							
1971	1,768,182	65,947	7,029	3,211	658,326	919,249	427,640
1972	2,094,688	72,514	7,461	4,228	862,713	1,111,254	547,516
1973	2,268,459	79,471	17,799	4,780	1,046,276	1,161,733	403,812
1974	2,383,716	81,466	20,028	5,481	1,225,103	1,332,140	406,671
1975	2,206,225	66,908	27,811	5,723	1,174,098	1,223,878	363,192
1976	2,339,356	67,427	26,169	6,226	1,212,006	1,377,558	388,286
U.S. mail ton-miles (000): [3]							
1971	678,939	29,176	6,237	1,048	210,446	499,587	
1972	647,947	31,207	6,369	1,044	148,703	399,344	
1973	622,602	31,287	10,783	1,116	174,401	372,368	
1974	610,087	34,267	11,162	1,176	176,838	327,381	
1975	618,029	32,185	12,607	1,185	146,905	318,760	
1976	627,781	32,486	12,519	1,339	117,141	296,911	
U.S. mail ton-miles as percent of total revenue ton-miles:							
1971	5.6	3.3	24.8	2.5	24.2	11.8	
1972	5.0	3.2	24.0	2.1	14.7	8.5	
1973	4.4	3.0	13.3	1.8	14.3	7.3	
1974	4.1	2.9	13.0	1.7	12.6	6.3	
1975	4.3	2.8	10.9	1.7	11.1	6.8	
1976	4.0	3.0	9.6	1.8	8.8	6.0	

[1] "Other carriers" group includes Alaska Airlines for 1969 and prior years. 1973 through current period reflects carrier in "Intra-Alaska carriers" grouping.

[2] Comprises freight and express.

[3] Priority and nonpriority.

Source: "Air Carrier Traffic Statistics Report."

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Table 15.—AIR CARRIER INVESTMENT AT JUNE 30, 1968–76

	Asset distribution (net)								Capital distribution					
	Ground equipment		Flight equipment		Working capital and other		Total		Stockholder equity		Long-term debt		Total	
	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total	Millions	Percent of total
Certificated route air carriers:														
1968	$493.7	6	$6,093.5	78	$1,210.4	16	$7,797.6	100	$3,020.5	39	$4,777.1	61	$7,797.6	100
1969	670.6	7	7,030.6	80	1,146.1	13	8,847.3	100	3,193.0	36	5,654.3	64	8,847.3	100
1970	791.1	9	7,479.7	81	928.9	10	9,199.7	100	3,222.2	35	5,977.5	65	9,199.7	100
1971	988.8	11	7,821.3	82	688.6	7	9,498.7	100	3,112.2	33	6,386.5	67	9,498.7	100
1972	1,057.9	11	7,773.1	81	725.1	8	9,546.1	100	3,691.6	39	5,854.5	61	9,546.1	100
1973	1,082.0	11	8,217.0	82	718.4	7	10,017.4	100	4,028.5	40	5,988.9	60	10,017.4	100
1974	1,192.0	11	8,626.6	83	578.4	6	10,397.0	100	4,364.0	42	6,033.0	58	10,397.0	100
1975	1,217.9	12	8,578.2	84	441.7	4	10,237.8	100	4,315.2	42	5,922.5	58	10,237.8	100
1976	1,190.8	12	8,455.8	86	212.9	2	9,859.5	100	4,450.6	45	5,408.7	55	9,859.5	100
	Index (1968 = 100)													
Certificated route air carriers:														
1968	100.0		100.0		100.0		100.0		100.0		100.0		100.0	
1969	135.8		115.4		94.7		113.5		105.7		118.4		113.5	
1970	160.2		122.7		76.7		118.0		106.7		125.1		118.0	
1971	200.3		128.4		56.9		121.8		103.0		133.7		121.8	
1972	214.3		127.6		59.9		122.4		122.2		122.6		122.4	
1973	219.2		134.8		59.4		128.5		133.4		125.4		128.5	
1974	241.4		141.6		47.8		133.3		144.5		125.4		128.5	
1975	246.7		140.8		36.5		131.3		142.9		124.0		131.3	
1976	241.2		138.8		17.6		126.4		147.3		113.2		126.4	

1976	241.2		138.8		17.6		126.4		147.3		113.2		126.4	
Supplemental air carriers:														
1968	3.1	1	252.6	91	23.5	8	279.2	100	118.0	42	161.2	58	279.2	100
1969	5.7	2	321.0	87	41.8	11	368.5	100	152.2	41	216.3	59	368.5	100
1970	8.9	2	364.5	89	36.9	9	410.2	100	162.4	40	247.8	60	410.2	100
1971	8.6	2	325.5	83	59.2	15	393.3	100	186.3	47	207.0	53	393.3	100
1972	6.9	2	305.1	84	52.9	15	364.8	100	180.5	49	184.3	51	364.8	100
1973	7.4	2	214.8	60	137.0	38	359.2	100	187.7	52	171.5	48	359.2	100
1974	9.7	3	281.7	78	69.2	19	360.5	100	198.3	55	162.2	45	360.5	100
1975	7.0	2	253.3	70	101.8	28	362.1	100	204.7	57	157.4	43	362.1	100
1976	8.9	3	212.5	68	91.4	29	312.8	100	204.0	65	108.8	35	312.8	100

Index (1968 = 100)

Supplemental air carriers:							
1968	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1969	183.9	127.1	177.9	132.0	129.0	134.2	132.0
1970	287.1	144.3	157.0	146.9	137.6	153.7	146.9
1971	277.4	128.9	251.9	140.9	157.9	128.4	140.9
1972	222.6	120.8	225.1	130.7	153.0	114.3	130.7
1973	238.7	85.0	583.0	128.7	159.1	106.4	128.7
1974	312.9	111.5	294.5	129.1	168.1	100.6	129.1
1975	225.8	100.3	433.2	129.7	173.5	97.6	129.7
1976	287.1	84.1	388.9	112.0	172.9	67.5	112.0

Sources: Carrier reports on CAB forms 41.

NOTE.—Components may not add to totals because of rounding.

Table 16.—NUMBER OF AIRCRAFT AVAILABLE FOR SERVICE AT DECEMBER 31, 1975[1]

Type of aircraft	Certificated route air carriers	Supplemental air carriers	Totals
Fixed-wing:			
Turbojet aircraft:			
4-engine:			
Boeing:			
B-707-100/200/300	11		11
B-720	9		9
Convair—CV-880	25		25
Douglas—DC-8-10/20/30	35	11	46
Total 4-engine	80	11	91
Total turbojet	80	11	91
Turbofan aircraft:[2]			
4-engine:			
Boeing:			
B-707-100B	88		88
B-707-300B	105		105
B-720B	22	3	25
B-747/747SP	91		91
Convair—CV-990		3	3
Douglas:			
DC-8-50	41		41
DC-8-61/62/63F	74	23	97
Total 4-engine	421	29	450
3-engine:			
Boeing:			
B-727-100	312	2	314
B-727-200	381		381
DC-10/10/20/30/40	121	3	124
Lockheed:			
L-1011	79		79
Total 3-engine	893	5	898
2-engine:			
British Aircraft—BAC-111	32		32
Boeing—B-737	139		139
Douglas—DC-9-10	66		66
DC-9-30	250	4	254
DC-9-50	8		8
Total 2-engine	495	4	499
Total turbofan	1,809	38	1,847
Other turbojet/turbofan	2	1	3
Total turbojet and turbofan	1,891	50	1,941
Turboprop aircraft:			
4-engine:			
Lockheed—L-188	17	16	33
Total 4-engine	17	16	33
2-engine:			
Convair:			
CV-580	102		102
CV-600	22		22
De Havilland—DCH-6PT6[3]	22		22
Fairchild:			
F-27	14		14
FH-227	36		36
Nihon—YS-11A	23		23

See footnotes at end of table.

Table 16.—NUMBER OF AIRCRAFT AVAILABLE FOR SERVICE AT DECEMBER 31, 1975 [1]—Continued

Type of aircraft	Certificated route air carriers	Supplemental air carriers	Totals
Turboprop aircraft—Continued			
Other 2-engine	3	1	4
NORD-262	9	.....	9
Total 2-engine	231	1	232
Total turboprop	248	17	265
Total turbo-powered	2,139	67	2,206
Piston aircraft over 12,500 pounds:			
4-engine:			
Douglas—DC-6A/B	3	.....	3
Total 4-engine	3	.....	3
2-engine:			
Convair:			
CV-340/440	6	1	7
Douglas--DC-3	5	3	8
Grumman—G-73	1	.....	1
G-44	[3]3	.....	[3]3
G-21A	[3]7	.....	[3]7
Martin:			
M-404	8	.....	8
Other types	7	4	11
Total 2-engine	37	8	45
Total single-engine 12,500 pounds or less	10	7	17
Total all types piston	47	15	62
Fixed-wing convertible aircraft:			
Turbofan:			
4-engine:			
Boeing—B-707-300C	49	1	50
3-engine:			
Boeing—B-727/100C/QC	78	1	79
2-engine:			
Douglas—DC-9-15	19	.....	19
Total convertible aircraft	146	2	148
Helicopter:			
Turboshaft:			
2-engine:			
Sikorsky—S-61	7	.....	7
Total 2-engine	7	.....	7
1-engine:			
Bell 206A	2	.....	2
Boeing 105C	1	.....	1
Total turboshaft	10	.....	10
Piston:			
1-engine:			
Bell—B-47G/J	2	.....	2
Sikorsky—S-58	2	.....	2
Total piston	4	.....	4
Unknown helicopter	.....	1	1
Total helicopter	14	1	15

See footnotes at end of table.

Table 16.—NUMBER OF AIRCRAFT AVAILABLE FOR SERVICE AT DECEMBER 31, 1975 [1]—Continued

Type of aircraft	Certificated route air carriers	Supplemental air carriers	Totals
Cargo aircraft:			
Turbofan:			
4-engine:			
Douglas:			
DC-8-50F	17		17
DC-8-63F	13	1	14
Boeing—B-707-300C	23		23
Boeing 747C/747F	5	1	6
Turboprop:			
4-engine:			
Canadair—CL-44D	1		1
Lockheed—L-382 (100)		12	12
2-engine:			
Short Bros. & Harland—SC-7	2		2
Piston:			
2-engine:			
Curtiss—C-46	2	1	3
Total cargo aircraft	63	15	78
Grand total—all aircraft types	2,409	100	2,509

[1] Owned aircraft only. Data for certificated route carriers aircraft leased to others plus aircraft leased from others, with regard to aircraft withdrawn from service for economic, mechanical, or technical reasons, are unavailable.

[2] Figure does not include aircraft under "Fixed-wing convertible aircraft" or "Cargo aircraft." Those aircraft are listed separately in table.

[3] 12,500 pounds or less.

Source: Carrier reports on schedule B-43, CAB form 41.

Table 17.—GROWTH OF THE CERTIFICATED AIR CARRIERS

Item and year	All route carriers	Scheduled service of the route carriers			
		Domestic trunk operations	Local service carriers	International trunks	Other route carriers[1] [2]
Yield per revenue passenger-mile (cents):					
1938	5.50	5.12		8.34	(3)
1948	6.30	5.73	5.31	8.01	(3)
1958	5.80	5.58	6.89	6.46	(3)
1968	5.46	5.45	7.56	4.95	(3)
Fiscal year 1976	7.66	7.44	11.53	7.09	(3)
Overall revenue ton-miles (000):					
1938	N/A	55,296		N/A	N/A
1948	985,938	703,055	8,936	265,821	8,126
1958	3,799,325	2,738,947	84,393	835,349	140,636
1968	15,249,312	9,895,381	582,604	4,294,499	476,828
Fiscal year 1976	23,362,556	16,062,809	1,262,667	5,587,216	449,864
Total available seat-miles (000):					
1938	1,067,793	944,729		116,335	6,729
1948	13,719,959	9,980,163	323,942	3,302,916	112,938
1958	53,115,172	40,695,035	1,793,463	10,391,664	235,010
1968	216,445,751	153,864,640	12,153,586	49,575,001	852,524
Fiscal year 1976	309,664,469	223,350,241	21,145,869	61,719,876	3,448,483
Total revenue passenger-miles (000):					
1938	533,052	475,600		53,208	4,244
1948	7,870,271	5,840,211	87,928	1,873,627	68,505
1958	31,499,437	24,435,657	820,190	6,123,948	119,640
1968	113,958,321	81,611,832	5,489,224	26,450,644	406,621
Fiscal year 1976	172,271,180	126,445,330	11,207,718	32,537,088	2,081,044

See footnotes at end of table.

Table 17.—GROWTH OF THE CERTIFICATED AIR CARRIERS—Continued

Item and year	All route carriers	Scheduled service of the route carriers			
		Domestic trunk operations	Local service carriers	International trunks	Other route carriers[1,2]
Coach plus economy revenue passenger-miles (000):					
1938 (Coach service inaugurated late in 1948)					
1948	N/A	4,835		N/A	
1958	14,176,333	10,044,656	31,104	4,100,573	
1968	91,331,074	66,558,092	1,187,851	23,585,131	
Fiscal year 1976	145,466,192	114,682,963		30,183,324	599,905
Revenue passenger originations/enplanements (000):					
1938	1,036	1,168		109	29
1948	14,541	12,324	426	1,447	344
1958	49,169	39,515	4,265	4,428	961
1968	150,151	108,986	22,177	15,728	3,260
Fiscal year 1976	215,463	154,504	35,609	16,768	8,582
Overall aircraft revenue miles (000):					
1938	76,136	68,543		7,043	550
1948	440,876	316,276	16,279	98,473	9,848
1958	972,987	700,585	72,253	172,713	27,436
1968	2,145,972	1,486,460	211,203	408,136	40,174
Fiscal year 1976	2,260,193	1,615,808	263,061	301,022	80,302
Total passenger revenues (000):					
1938	29,296	24,336		4,435	525
1948	497,121	334,736	4,667	151,751	5,967
1958	1,827,811	1,362,994	56,487	395,604	12,726
1968	6,221,852	4,451,341	414,732	1,309,173	46,606
Fiscal year 1976	13,193,800	9,395,821	1,288,417	2,305,205	204,357

Coach plus economy passenger revenues (000):					
1938 (Coach service inaugurated late in 1948)					
1948	N/A	194		N/A	(3)
1958	N/A	454,308	1,509	229,179	(3)
1968	N/A	3,400,030	64,950	1,096,671	(3)
Fiscal year 1976	10,234,357	8,162,218		2,019,472	52,667
Average on-line passenger trip length (miles):					
1938	408	407		488	(3)
1948	543	474	206	1,039	(3)
1958	641	618	192	1,383	(3)
1968	759	749	248	1,679	(3)
Fiscal year 1976	803	818	315	1,940	(3)
Average available seats per aircraft:					
1938	14.2	13.9		16.9	(3)
1948	33.0	33.1	19.9	35.0	(3)
1958	57.0	59.3	24.8	63.7	(3)
1968	107.1	107.8	57.7	135.6	(3)
Fiscal year 1976	137.2	138.2	80.4	205.0	(3)

See footnotes at end of table.

Table 17.—GROWTH OF THE CERTIFICATED AIR CARRIERS—Continued

Item and year	Scheduled and unscheduled services of all carriers						
	All carriers	All route carriers	Domestic trunk operations	Local service carriers	International trunks	Other route carriers [1]	Supplemental carriers
Operating property and equipment ($000):							
At Dec. 31, 1938	50,158	50,158	32,956		16,453	748	
At Dec. 31, 1948	N/A	526,969	396,513	8,189	119,074	3,193	N/A
At Dec. 31, 1958	N/A	2,365,908	1,859,144	55,337	366,589	84,838	N/A
At Dec. 31, 1968	N/A	10,289,957	7,935,468	661,981	1,299,247	393,261	N/A
At Dec. 31, 1975	10,067,735	9,846,766	8,982,544	579,733	(4)	284,489	220,969
Total assets ($000):							
At Dec. 31, 1938	N/A	N/A	36,032		N/A	538	N/A
At Dec. 31, 1948	N/A	704,981	484,241	12,738	204,904	3,098	N/A
At Dec. 31, 1958	N/A	2,270,375	1,707,118	56,403	408,689	98,165	N/A
At Dec. 31, 1968	N/A	10,992,385	8,106,199	808,674	1,616,891	460,621	N/A
At Dec. 31, 1975	15,550,355	15,065,686	13,401,381	1,074,473	(4)	589,832	484,669
Number of aircraft available for service:							
At Dec. 31, 1938	311	311	233		73	5	
At Dec. 31, 1948	1,055	1,055	788	77	175	15	N/A
At Dec. 31, 1958	2,081	1,899	1,256	246	199	198	182
At Dec. 31, 1968	2,638	2,406	1,590	427	198	191	232
At Dec. 31, 1975 [5]	2,540	2,434	1,826	467	(4)	141	106
Route miles operated:							
1938	N/A	N/A	35,210		N/A	361	
1948	N/A	164,689	54,668	11,346	98,110	565	
1958	N/A	244,731	61,953	26,953	140,105	15,720	
1968	N/A	286,110	72,692	41,756	153,440	18,222	
Fiscal year 1976	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net income or loss ($000):							
1938	N/A	N/A	−1,067		494	493	
1948	N/A	13,199	3,744	−189	9,126	518	N/A
1958	N/A	50,396	44,794	1,138	7,608	−3,144	N/A
1968	227,405	210,777	126,521	−28,939	122,957	−9,762	16,628
Fiscal year 1976	204,832	202,319	59,844	30,349	92,978	19,148	2,513

1968	227,405	210,777	126,521	−28,939	[2]22,957	−9,762	16,628
Fiscal year 1976	204,832	202,319	59,844	30,349	92,978	19,148	2,513
Total number of employees:							
1938	13,274	13,274	9,008		4,266		
1948	N/A	84,608	57,263	2,363	24,315	667	N/A
1958	N/A	152,510	107,857	9,308	29,850	5,495	2,522
1968	299,935	294,133	212,133	25,580	47,262	9,152	5,808
Fiscal year 1976	307,228	302,921	224,588	30,433	36,156	11,744	4,307
Overall operating revenues ($000):							
1938	57,997	57,997	42,250		15,153	594	
1948	N/A	691,878	413,353	14,937	249,840	13,748	N/A
1958	2,309,166	2,243,964	1,513,250	94,993	530,881	104,840	65,202
1968	8,087,427	7,761,773	5,039,441	501,308	1,958,327	262,697	325,654
Fiscal year 1976	16,743,086	16,324,352	11,001,426	1,510,906	3,171,771	640,249	418,734
Overall operating expenses ($000):							
1938	58,165	58,165	43,317		14,303	545	
1948	N/A	674,992	411,278	14,507	235,890	13,317	N/A
1958	2,205,914	2,136,452	1,418,125	93,335	519,604	105,388	69,462
1968	7,522,233	7,239,548	4,719,364	510,518	1,748,327	261,339	282,685
Fiscal year 1976	16,404,506	15,991,371	10,774,600	1,444,185	3,146,244	626,342	413,135
Operating profit or loss ($000):							
1938	−168	−168	−1,067		850	49	
1948	N/A	16,886	2,075	430	13,950	431	N/A
1958	103,252	107,512	95,125	1,658	11,277	−548	−4,260
1968	565,194	522,225	320,077	−9,210	210,000	1,358	42,969
Fiscal year 1976	338,586	332,982	226,826	66,721	25,526	13,909	5,604

[1] "Other route carriers" comprises the helicopters, intra-Alaska, intra-Hawaii, Aspen, Wright, and all-cargo system.
[2] Excludes the supplemental carriers.
[3] Computation not meaningful because of diverse carriers included.
[4] Included with domestic.
[5] Excludes those owned aircraft on lease to another carrier.
Source: "Air Carrier Traffic Statistics" and "Air Carrier Financial Statistics."

Table 18.—U.S. CERTIFICATED CARRIERS

Airlines (domestic)	Original authorization	Original points	Original route mileage	Points June 30, 1976	Route mileage June 30, 1976
Trunkline carriers:					
Alaska Airlines	July 24, 1951	3	1,665	9	4,901
American Airlines	Aug. 22, 1938	59	6,826	49	42,885
Braniff Airways	Aug. 22, 1938	21	2,543	39	20,261
Continental Air Lines	Aug. 22, 1938	8	624	30	25,104
Delta Air Lines	Aug. 22, 1938	13	1,091	77	47,446
Eastern Air Lines	Aug. 22, 1938	42	5,276	71	42,456
National Airlines	Aug. 22, 1938	13	871	36	8,425
Northwest Airlines	Aug. 22, 1938	21	2,507	34	30,090
Trans World Airlines	Aug. 22, 1938	27	5,749	40	28,099
United Air Lines	Aug. 22, 1938	38	5,321	89	47,805
Western Air Lines	Aug. 22, 1938	12	1,237	37	24,712
Local service, intra-Alaskan, Hawaiian carriers:					
Air New England	Jan. 24, 1975	13	797	13	797
Alaska Airlines	Dec. 5, 1942	(1)	(1)	79	3,585
Allegheny Airlines	Jan. 11, 1949	22	1,954	83	6,543
Aloha Airlines	Apr. 18, 1949	8	402	8	494
Frontier Airlines	Mar. 28, 1946	38	3,110	100	11,716
Hawaiian Airlines	Aug. 22, 1938	6	356	9	400
Hughes Air Corp., (d/b/a Hughes Airwest)	Apr. 17, 1968	77	9,376	61	5,916
Kodiak-Western Alaska Airlines	Sept. 8, 1960	21	331	45	1,250
Munz Northern Airlines	Jan. 1, 1976	6	291	6	291
North Central Airlines	Oct. 3, 1947	35	1,704	71	*6,231
Ozark Air Lines	Sept. 26, 1950	38	2,488	50	5,765
Pan American World Airways	Aug. 22, 1938	60	25,144	10	23,309
Piedmont Aviation	Dec. 12, 1947	28	1,913	49	3,909
Reeve Aleutian Airways	Apr. 8, 1948	(1)	(1)	19	3,281
Southern Airways	Feb. 8, 1948	23	1,332	51	9,089
Texas International Airlines	Nov. 14, 1946	28	1,824	47	5,562
Wien Air Alaska	Dec. 5, 1942	(1)	(1)	137	10,020
Helicopters:					
Chicago Helicopter Airways	Jan. 23, 1949	41	308	3	42
New York Airways	Mar. 12, 1952	47	156	5	139
SFO Helicopter	Nov. 26, 1963	9	116	9	208
Cargo:					
Airlift International	Jan. 20, 1956	25	3,822	21	10,656
Flying Tiger	Aug. 12, 1949	43	(1)	15	3,950
Certificated air taxi:					
Aspen	Mar. 9, 1967	2	112	2	112
Wright	Mar. 16, 1972	2	92	3	215

*Reflects linear mileage after realignment of route into a single segment.

See footnotes at end of table.

Table 18.—U.S. CERTIFICATED CARRIERS—Continued

Airlines (international)	Original authorization	Original points	Original route mileage	Points June 30, 1976	Route mileage June 30, 1976
Air Micronesia	Oct. 5, 1971	17	14,529	18	14,602
Allegheny	May 24, 1967	2	115	7	1,403
American Airlines	Apr. 16, 1942	5	1,539	29	15,484
Braniff Airways	May 22, 1946	16	7,591	27	32,300
Continental Air Lines	Oct. 5, 1971	17	14,529	18	14,602
Delta Air Lines	May 22, 1946	11	3,693	21	8,855
Eastern Air Lines	May 22, 1946	4	1,957	51	19,519
Frontier Airlines	May 13, 1975	3	486	3	486
Hughes Air Corp., (d/b/a Hughes Airwest)	Apr. 17, 1968	8	1,393	11	1,733
National Airlines	July 21, 1951	3	439	4	4,541
North Central Airlines	Nov. 5, 1960	3	262	4	385
Northwest Airlines	July 31, 1946	16	14,641	25	23,680
Pan American World Airways	Aug. 22, 1938	[2]60	25,144	148	306,914
Texas International Airlines	Aug. 17, 1966	5	637	7	1,404
Trans World Airlines	July 5, 1945	[2]22	20,539	57	70,317
United Air Lines	June 29, 1946	2	128	4	561
Western Air Lines	May 22, 1946	2	449	13	6,662
Cargo:					
Flying Tiger	July 29, 1969	18	10,991	20	13,884
Seaboard	Aug. 15, 1955	[2]19	14,825	42	13,521

[1] Not available.
[2] Approved service plan.

Supplemental air carriers
Capitol International Airways, Inc.
Evergreen International Airlines, Inc.
McCulloch International Airlines, Inc.
Modern Air Transport, Inc.
Overseas National Airways, Inc.
Saturn Airways, Inc.
Trans International Airlines, Inc.
World Airways, Inc.

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